

ON TO 2050 COMPREHENSIVE REGIONAL PLAN

Draft
for public
comment

COMMUNITY

This PDF only contains text for the chapter named above. Please see www.cmap.illinois.gov/onto2050 for the full draft plan text.

This draft document will be available for public comment from June 15 to August 14, 2018. Submit comments at www.cmap.illinois.gov or by email using the subject line "ON TO 2050 Public Comment" to ONTO2050@cmap.illinois.gov. Or comment by mail to Chicago Metropolitan Agency for Planning, Attention: ON TO 2050 Public Comment, 233 South Wacker Drive, Suite 800, Chicago IL 60606, or by phone to 312-454-0400.

An online version of the ON TO 2050 Draft for Public Comment as well as a downloadable PDF of the plan and its technical appendices can be found at www.cmap.illinois.gov/onto2050. Design will change for the final release of ON TO 2050 in October 2018.

COMMUNITY

Strengthening where we live

ON TO 2050 will make the region and its communities stronger by targeting resources, improving planning, encouraging collaboration on fiscal and economic issues, preserving high quality open space and agricultural assets, and promoting housing choice.

[GRAPHIC TO COME: Photos of changing development in the region.]

ON TO 2050 continues our region's emphasis on reinvesting in communities and infrastructure, while also offering new guidance to enhance quality of life. Supportive initiatives by many actors will collectively enable progress toward these goals. Some communities have a wealth of expertise and resources for these initiatives, while others struggle to raise revenues for basic services. Reinvestment can be complex and costly. Progress will require targeted, coordinated action by transportation, funding, land use, housing, environmental, and economic development programs that are sometimes disconnected. ON TO 2050 envisions comprehensive action by municipalities, CMAP, counties, Councils of Governments, the State of Illinois, transportation providers, the federal government, and civic organizations to support local decision making and continue to foster high quality places through 2050.

ON TO 2050 also emphasizes preserving high quality lands and implementing sustainable development patterns with fiscally responsible expansion. Many communities make expansion a high priority. Such growth can be implemented in ways that preserve natural assets and reduce long-term costs. Continued land preservation conserves our natural assets today and for future generations. Implementing new development in ways that make efficient use of existing and new infrastructure will limit long-term costs and support resilience.

Creating and sustaining vibrant communities can help the region compete and thrive, offering residents and business many choices for where to live and work. Increasingly here and nationwide, people want diverse, walkable, and accessible communities with popular amenities, in both urban and suburban locations. Meeting this demand will also support transit and ease commutes. Most importantly, the region cannot succeed without concerted investment in communities that have been left behind to rebuild jobs, amenities, and resources. Investment for continued economic growth and success for the entire region should include investments in communities with limited resources for rebuilding infrastructure and amenities needed for jobs, housing choices, and healthy living.

This chapter outlines recommendations to promote:

1. **Inclusive growth** by rebuilding communities, increasing local revenues, and enhancing local government capacity and expertise.

2. **Resilience** by preserving high quality natural areas, incorporating sustainable practices into all development, and leveraging data and expertise to plan for market realities, infrastructure needs, and fiscal stability.
3. **Prioritized investment** in and careful expansion of our built environment.

Strategic and sustainable development

From 2000-15, the region expanded its developed footprint by nearly 12 percent, an area equal in size to the City of Chicago. Over the same period, employment remained flat, population increased by 4.6 percent, and many opportunities for infill development remained untapped. While local and state governments as well as nonprofits preserved 61,500 acres of open space, significantly more land was developed. To reduce costs, conserve land, and promote quality of life while meeting the economic, transportation, and housing needs of a growing population, the region must change the way it invests in infrastructure and development.

Strategic investment in new development is imperative in a climate of constrained resources. That investment must happen not only in places that are already centers of activity, but also in those that are rich with potential yet suffer from long-term disinvestment. These communities still have many assets, including their residents. The region will add 2.3 million residents and 900,000 jobs by 2050. Investing in careful growth is imperative to help the entire region prosper.

Target infill, infrastructure, and natural area investments

A thoughtful, holistic approach to development can help all parts of the region thrive. To make this approach possible, partners across sectors and at multiple levels must carefully invest both funds and expertise. Such targeting can make reinvestment less challenging, encourage better alignment between infrastructure improvements and planned development, and accommodate strategic new development that minimizes impacts on agricultural and natural areas.

ON TO 2050 sets a target for 75 percent of residential development and 85 percent of non-residential development to occur within highly and partially infill supportive areas, which have existing development, residents, businesses, and infrastructure.² Reinvesting in areas with existing services and infrastructure has broad regional benefits. Local governments and transportation providers incur fewer infrastructure and service costs. Businesses often have access to a larger pool of potential customers and workers. Residents can reach a broader set of options for work, recreation, and services via transit, car, or bike. Reaching this target will require a wholesale shift in how the region's governments and private entities approach planning and development, from reinvigorating commercial corridors and residential

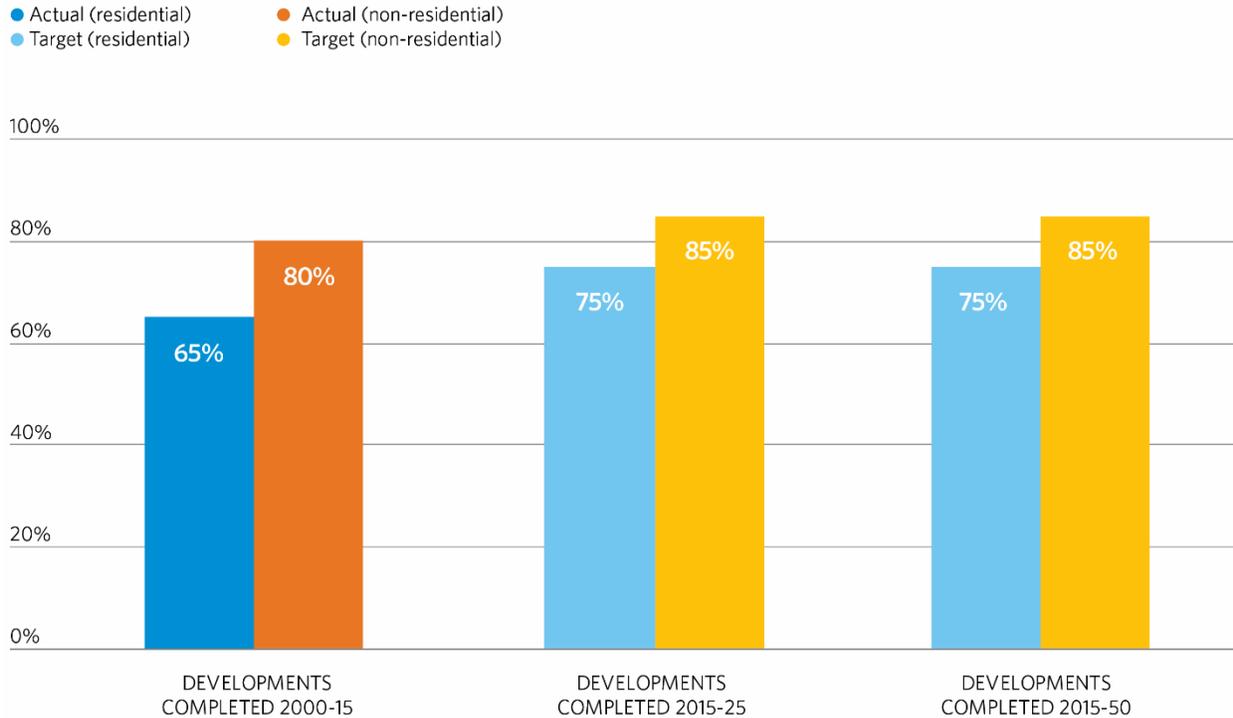
² Chicago Metropolitan Agency for Planning snapshot report, "Infill and TOD," 2017, <http://www.cmap.illinois.gov/documents/10180/0/Infill+and+TOD+Snapshot+Report.pdf/4273b7d1-0a16-4c2f-a93e-dce1c2a472fd>.



neighborhoods, to building up mixed-use centers, to focusing resources near transit and existing transportation nodes.

Share of new development occurring in highly and partially infill supportive areas

Source: Chicago Metropolitan Agency for Planning analysis of Northeastern Illinois Development Database.



The region has had mixed results in encouraging new investment in already-developed areas, particularly areas with access to transit and other resources. While development under construction today is clearly changing -- and beginning to align with ON TO 2050 goals -- catching up on infill is imperative to achieve transit ridership and congestion goals. Focusing assistance and investment resources in areas that communities have identified as a priority can make the best use of constrained funding. Whether via private development, public infrastructure, or other means, reinvestment is most effective when it is consistent with regional goals as well as local plans and regulations, coordinated with other funding sources, and linked with supportive public programs. By strategically targeting investments toward community main streets and economic centers where infrastructure already exists, we can maximize the impact both of those new expenditures and of the earlier ones when such areas were originally developed. Communities that have a clear, realistic vision for future investment are ideally situated to maximize the potential impact of such an approach.

While aligning plans and regulations is important, it does not always attract reinvestment by itself. Infill sites, even vacant ones, can pose problems for developers. The complex early stages of project development can deter investors: assembling multiple small parcels with fragmented



ownership, developing land under multiple regulatory jurisdictions, and remediating environmental contamination are all costly and complicated barriers. Along with the need to coordinate with neighbors who will be affected by the redevelopment, these challenges can make it difficult for communities to attract private investment.

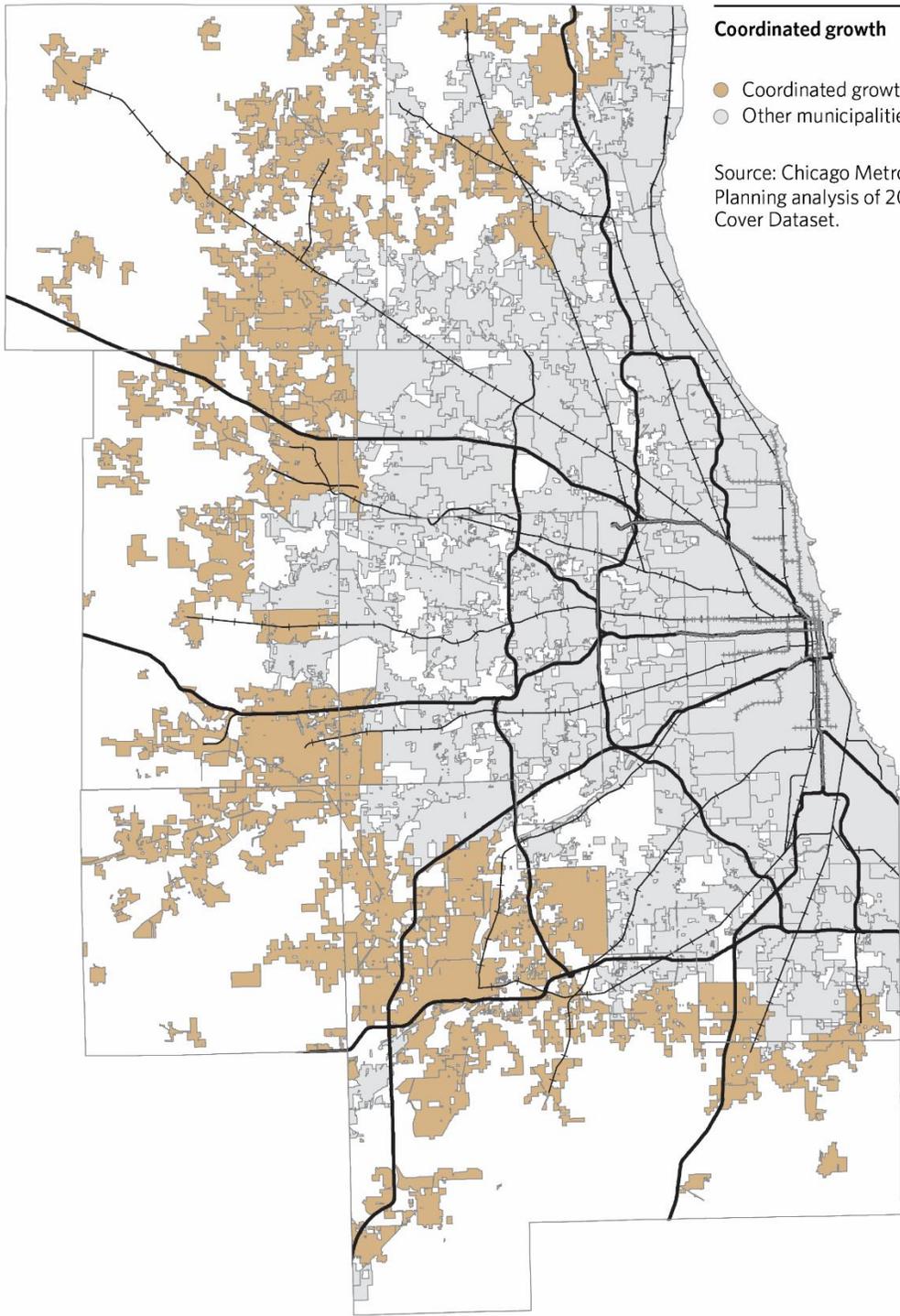
When multiple agencies coordinate diverse technical knowledge and funding sources, development becomes more feasible and beneficial. For example, making multi-agency investments related to industrial development -- such as reconstruction of an intermodal truck corridor while targeting nearby brownfields for environmental remediation and addressing localized flooding problems through construction of green infrastructure -- would be more likely to spur successful industrial or logistics development than if these investments were made in isolation.

A broad, sustained approach to increase reinvestment must also reflect the Chicago region's strong tradition of local land use control and multitude of public, nonprofit, and private interests. The region has many places worthy of new investment. Existing community main streets, mixed-use centers, and bus or rail transit nodes need added businesses, residents, and supportive development to thrive and support well-functioning transit. Disinvested areas, which have experienced a long-term loss of people and jobs, can benefit from coordinated, intentional, and systemic investment by public and private actors. The region's office and industrial centers house the industries that connect our economy to the world, and they need continued reinvestment to continue to grow as the economy changes.

[GRAPHIC TO COME: Illustrations of prototypical potential TRA types before and after reinvestment: a main street, an office center, a disinvested area.]

At the same time, the region will continue to expand. Development on agricultural, natural, and other open lands at the region's perimeter can help achieve community goals, but can incur substantive costs. Communities should consider the long-term benefits and costs of new development, whether that be associated with building and maintaining new infrastructure, market viability for the remaining agricultural uses, or consumption and degradation of natural assets. Areas with potential for new development -- termed Coordinated Growth Areas -- can carefully expand in ways that require less infrastructure, improve short- and long-term fiscal impacts, and promote quality of life. Strategically planning for conservation of natural areas and key agricultural lands, combined with sensitive development practices, enhances both natural and built environments.





Coordinated growth

- Coordinated growth area
- Other municipalities

Source: Chicago Metropolitan Agency for Planning analysis of 2011 National Land Cover Dataset.



[GRAPHIC TO COME: Coordinated Growth Local Strategy Map interactive feature highlighting natural and agricultural areas where there is development pressure and illustrating best practices in preservation and development.]

The following describes strategies and associated actions to implement this recommendation.

Create a program to focus resources in Targeted Reinvestment Areas

In concert with partners, CMAP should create a Targeted Reinvestment Area (TRA) process for municipalities and counties to designate locations for infill, infrastructure, affordable housing, and other types of assistance and funding. As part of the agency's familiar planning and infrastructure funding processes, it should not aim to replace effective systems, but rather to adapt them to maximize investment impacts. This program would also have to complement broader initiatives such as asset management, which can also enhance decision making.

Preliminary steps in establishing a TRA program include building consensus among partners on the types of areas where investment should be targeted. The ON TO 2050 planning process has identified three types of areas that municipalities and counties, civic organizations, transportation providers, and other stakeholders consider most important for reinvestment: employment centers; mixed-use downtowns, main streets, and bus and rail transit stops; and disinvested areas. Further definition of the scope and criteria unique to each of these types is necessary to begin establishing a program to direct resources toward those locations. Experience with similar programs in other regions has shown that the most effective approach is locally driven, as local governments and community groups submit target areas for designation provided that they meet certain parameters.

CMAP should lead this effort while convening many others to participate because the agency cannot fully implement a TRA program on its own. There are many public agencies, nonprofit groups, and private entities that contribute to investment decisions in the Chicago region. Coordinating investment implies a multitude of agencies and investors working together to support beneficial development that is consistent with local plans. This is not a novel concept in the Chicago region; most, if not all, significant redevelopment and construction projects already include multiple layers of funding and financing. But by communicating proactively and setting priorities jointly, these agencies can make the best use of our limited investment dollars.

Finally, although TRAs offer an opportunity to focus numerous resources and drive change, the program would not preclude implementation of other substantive needs outlined in ON TO 2050. Investment and assistance should still occur throughout the region in ways that support the priorities of the plan. For example, planning for the Coordinated Growth Areas described in the *Environment* chapter can help communities improve development patterns and infrastructure investment. Similarly, collaboration across communities on issues like economic development or truck routing may incorporate TRAs and many other areas.



CMAP should work with partners, including local governments, Illinois Housing Development Authority (IHDA) and housing authorities, Illinois Department of Transportation (IDOT) and other transportation agencies, financial institutions, community development financial institutions (CDFIs), regional land banks, stormwater management agencies, and philanthropic, nonprofit, and civic organizations to specify criteria for designating mixed-use centers (including bus and rail transit station areas), disinvested areas, and employment and industrial centers as TRAs.

CMAP and partners should adapt and integrate existing policies and programs within their respective organizations to direct technical assistance and funding toward areas designated as TRAs.

After the program is established, *local governments* should identify and propose to *CMAP* any areas within their boundaries that might fit TRA criteria.

CMAP should direct funds such as the Congestion Mitigation and Air Quality Improvement (CMAQ) program, the Transportation Alternatives Program (TAP), and the Surface Transportation Program (STP), as well as technical assistance through Local Technical Assistance (LTA) toward qualifying TRAs.

Plan for future development when approving near-term infrastructure and development proposals

As highlighted throughout ON TO 2050, a lack of adequate infrastructure can hinder investment. Given this, communities planning for future densities should take those added households and businesses into account when creating or renewing infrastructure. For example, Pace and Niles have coordinated land use planning for the Milwaukee Avenue corridor with the creation of the Pulse Milwaukee line, thereby linking near-term transit improvements with long-term land use planning. Many benefits flow from such forethought. First, communities that create the street, pedestrian, and bike networks to support future plans demonstrate to the market that the area is primed for further investment. Second, making infrastructure investments prior to or concurrent with development can reduce the cost and timeline of projects, as going back to provide that infrastructure later is typically more costly and complicated. Finally, communities can build and design improvements that can be expanded if needed with greater prudence.

Communities should consider local development proposals in a similar light, recognizing that what is approved today affects the possibilities of what will be proposed in the future. If a community wants to see additional development but current proposals do not help build toward that, that community should consider such proposals with caution. Communities should focus on whether or not the proposal is a transitional use (something likely to go away once the area develops) or a permanent use (something likely to remain in place even after development). Tying development goals to infrastructure provision and near-term approvals



can help rural communities and urban neighborhoods alike. In expanding areas, assessing long-term fiscal impact is also critical. Local governments should consider long-term goals when making infrastructure investment and development decisions and align zoning and building regulations to support those goals. See the recommendation to *Incorporate market and fiscal feasibility into planning and development processes* for more information.

Protect agricultural and natural land through local planning processes

As the region's population grows, valuable agricultural and natural resources will continue to face development pressure, particularly in locations within or adjacent to municipal boundaries, as highlighted in the Coordinated Growth local strategy map. Identifying agricultural and natural lands in local, county, and regional planning and development efforts signals their importance and helps communities recognize the contributions of such lands to local and regional economies, ecosystems, and character. For example, Kane and McHenry counties identify agricultural and natural lands in their future land use maps. While their plans acknowledge that anticipated population growth could result in the conversion of undeveloped land, much of the existing agricultural and natural land cover is anticipated to remain in its current use. These plans also direct new development toward locations with or adjacent to existing infrastructure.

Municipalities and counties can also leverage their regulatory processes to improve the relationship between development and agricultural and natural resources. For example, updating development ordinances can support preservation of valuable natural assets and the corridors between them, and minimize the impact of new development on agricultural and natural resources. Local governments can use a number of different strategies, including agricultural and natural resource zoning districts, modernized definitions and standards relating to agriculture and natural resources, updated protection measures within subdivision ordinances, and provisions for long-term stewardship of protected open space. Conservation-oriented development and clustering can help preserve natural resources while accommodating broader community goals for development. Even without clustering, development can be designed to protect the existing natural resources and use them as inherent assets of the site. This strategy also appears in the *Environment* chapter under the recommendation to *Integrate land preservation into strategic growth efforts*.

Local governments should use the Conservation Areas local strategy map and the Key Agricultural Lands local strategy map, when available, to inform local planning and development efforts.

CMAP and partners should quantify the agricultural system's contribution to the regional and local economies to better inform local economic development strategies, land use planning, and transportation investments.



CMAP should refer to the Conservation Areas local strategy map to inform long-range transportation planning and programming.

Local governments should adopt conservation-oriented development standards and avoid development on key natural areas.

Local governments should conduct detailed development site inventories of natural resources and first attempt to avoid, reduce, and then mitigate the natural resource impacts of development through actions such as protecting existing assets and conservation areas.

CMAP should investigate conservation design practices that work best with agricultural activities.

Evaluate future infrastructure costs when considering development expansion

In an era of limited resources, growing communities should carefully weigh the long-term costs of maintaining and replacing infrastructure against the fiscal benefits of new development. A lack of full-cost pricing and declining federal and state support have left many communities struggling to maintain infrastructure already in place. Some municipal costs, including roads, water and wastewater, stormwater, and fire protection, are more dependent on the location and density of development than others. For example, lot size, minimum block length, and street design standards influence the length and width of streets and the corresponding density of development that provides financial support for the eventual maintenance and replacement of those streets. While future land use plans and zoning and subdivision ordinances dictate the development pattern, the planning process rarely factors in the long-term financial impacts of those requirements or considers the costs of that additional infrastructure within the context of the municipality's existing liabilities. Avoiding unnecessary future infrastructure and maintenance costs will enable communities to prioritize investment toward other community objectives. Regarding long-term financial health, communities can minimize their infrastructure maintenance costs by limiting expansion and building more compactly when they do extend roads and sewers to new locations. This strategy also appears in the *Environment* chapter under the recommendation to *Integrate land preservation into strategic growth efforts*.

Local governments should consider existing road, water, and wastewater infrastructure capacity in decisions about the intensity and extent of new development.

Local governments should review and revise development standards with attention to long-term maintenance costs associated with different development patterns.

Local governments should collect adequate taxes and fees per the findings of fiscal impact analyses to cover the cost of infrastructure and services over the lifespan of new development.

CMAP should explore ways to encourage development standards that minimize long-term maintenance costs and consider incentives for such practices through existing transportation



and infrastructure funding programs.

Invest in disinvested areas

Some parts of our region have experienced a persistent, long-term lack of market investment, leading to declining property values, tax receipts, employment, and population. Markers of economic disconnection and disinvestment exist in every county of the region, frequently appearing around older subregional job centers like Joliet, Aurora, Elgin, and Waukegan. Long-term patterns -- including the historical segregation of housing by race, as well as market shifts in residential and commercial demand -- have contributed to economic struggles in some areas. The multi-faceted and persistent nature of such disinvestment often outstrips the ability of any one community to respond effectively. Regardless of their assets, disinvested areas generally struggle to meet the core requirements of market feasibility, with exceptionally weak demand, a lack of anchors or agglomeration potential, negative reputation, and/or a lack of developer confidence in public sector capacity or market feasibility.^{3,4} Disinvestment can constrain municipal revenues as fewer and fewer residents and businesses remain to pay taxes.⁵ Residents who are unable or unwilling to move -- many seniors and low income households, for example -- may make up a larger share of the community. These residents may also suffer poorer health than those who live in areas with more access to resources.

Disinvested areas broadly refers to both Economically Disconnected Areas (EDAs) and struggling commercial and industrial areas. EDAs have a concentration of low income and minority or limited English proficiency residents, while disinvested commercial and industrial areas have experienced a loss of economic activity over a sustained period. Both types of areas have substantive overlap. Solutions to promote vital places and new market-driven investment complement those targeted to promote economic opportunity for residents. ON TO 2050 also identifies strategies to build the assets and capacity of the region's under-resourced communities. These combined individual, built environment, and community driven solutions are required to comprehensively promote inclusive growth.

[GRAPHIC TO COME: Local Strategy Map interactive feature showing the drivers of disinvested and Economically Disconnected Areas.]

Disinvestment also affects the ability of municipalities to serve their residents and businesses. A low base of property, sales, and other taxes can lead to higher property tax rates in communities

³ Kapple, K and Jacobus, R in Pindus, Wial, and Wolman (ed.s), "Retail Trade as a Route to Neighborhood Revitalization" *Urban and Regional Policy and Its Effects*, Volume 2 (2009): 19-69. See <http://www.rjacobus.com/resources/archives/Retail%20Trade%20Proof.pdf>.

⁴ Artz, Georgeanne M., Younjun Kim, and Peter Orazem, "Does agglomeration matter everywhere? New firm location decisions in rural and urban markets." *Journal of Regional Science*, Volume 56, Number 1 (2016): 72-95. See <https://cba.unl.edu/outreach/bureau-of-business-research/academic-research/documents/kim/agglomeration.pdf>.

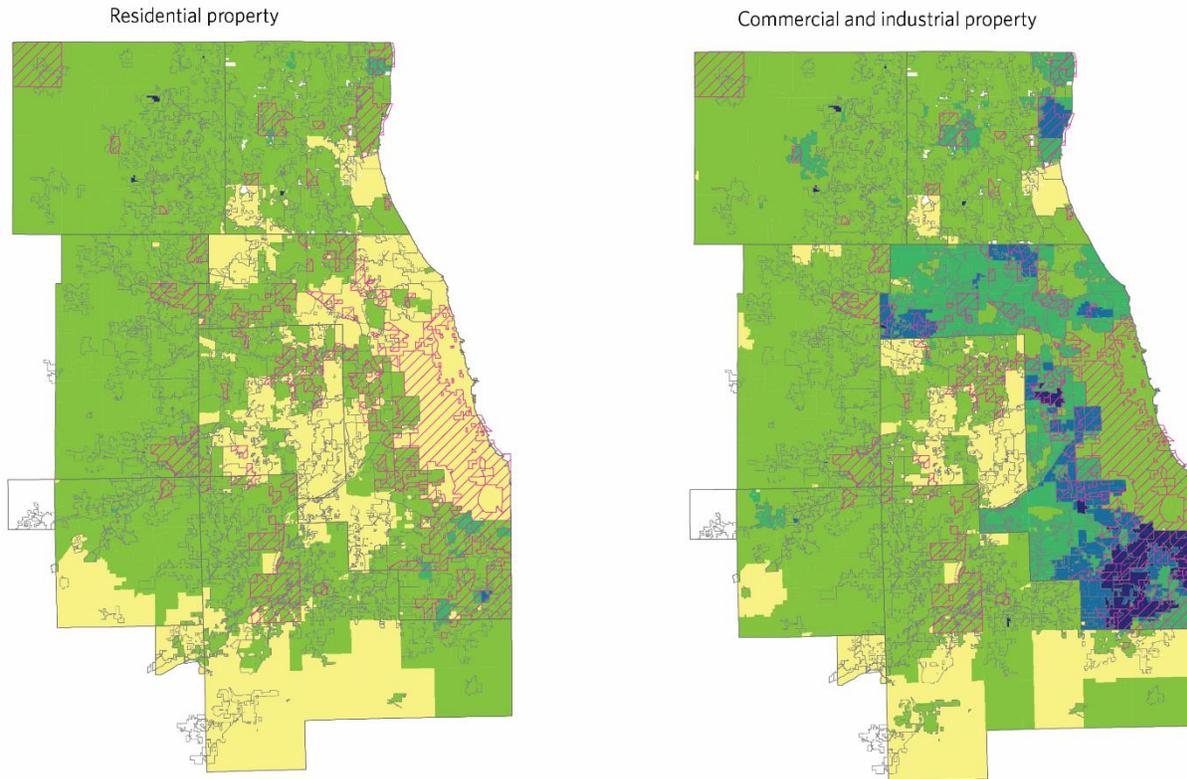
⁵ Maciag, Mike, "Demographics can spell trouble for a city's finances." *Governing*. September 15, 2016. See <http://www.governing.com/topics/finance/gov-census-demographics-cities-fiscal.html>.



struggling with economic development, furthering a lack of attention and investment from the private sector.⁶ A mismatch between local property values and revenue requirements creates these high property tax rates in disinvested areas, and local policies like Cook County property tax classification can exacerbate the disparities. The resulting municipal revenue constraints can leave communities with fewer resources to invest in local infrastructure or public services, again furthering a cycle of disinvestment. The map below highlights the disproportionately high tax rates in many of the region’s struggling communities.

Effective composite property tax rates in Northeastern Illinois, 2014

- ◌ Economically disconnected and disinvested areas
- Less than 2.5%
- 2.5% - 4.99%
- 5% - 7.49%
- 7.5% - 9.99%
- 10% or greater



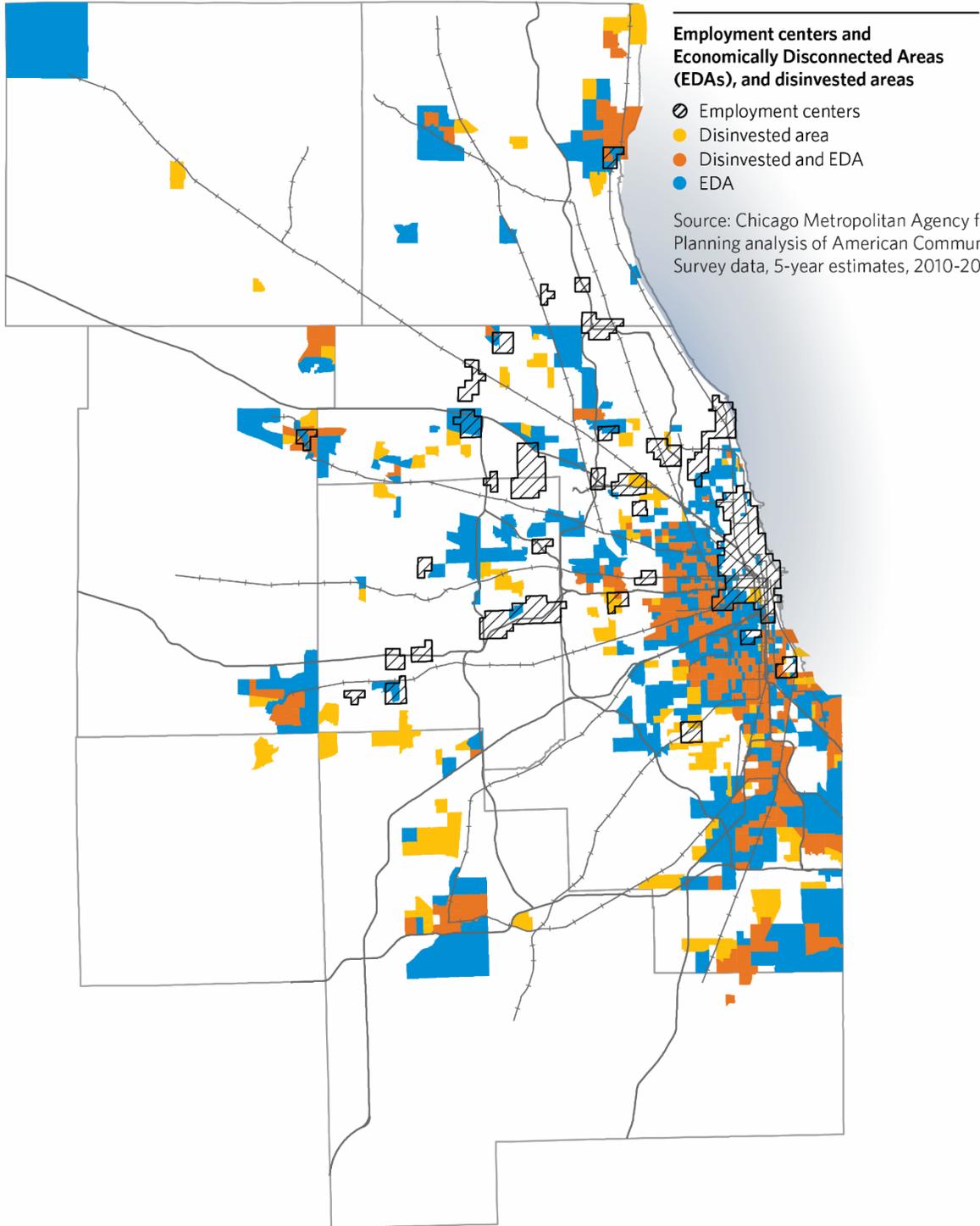
Source: Chicago Metropolitan Agency for Planning analysis of Community Reinvestment Act data on small loans made to businesses, 2007 and 2015 (accessed through the Woodstock Institute); county assessor data aggregated from parcel to tract level by property class, 2010 and 2015; Illinois Department of Employment Security data, 1970, 1980, 1990, 2000, and 2015; and American Community Survey data, 5-year estimates, 2011-2015.

⁶ Chicago Metropolitan Agency for Planning, “Property tax burden in the Chicago region,” November 28, 2017, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/property-tax-burden-in-the-chicago-regi-2.

As highlighted elsewhere in ON TO 2050, lack of access to economic opportunity limits the ability of many talented and skilled residents to succeed. In particular, residents of disinvested areas, especially on the South and West sides of Chicago and in the south suburbs, often have to travel longer distances or take slower transportation options to reach high quality employment opportunities, education, training, and services. Recent analysis shows that residents of some EDAs and disinvested areas spend 58 hours more per year than the average resident commuting to work.⁷ A critical part of promoting inclusive growth is helping to build economic opportunity and vibrant nodes within disinvested areas that have a historical lack of private investment. Most disinvested areas were economically thriving in the past and still have strengths to build upon. Many have highly desirable infrastructure assets, particularly public transit. Rebuilding disinvested areas will be critical to long-term regional prosperity by ensuring that jobs and economic opportunities are available in communities where economically disconnected residents live.

⁷ Chicago Metropolitan Agency for Planning, “Travel patterns in Economically Disconnected Area clusters,” January 25, 2018, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/travel-patterns-in-economically-disconnected-area-clusters.





To achieve the vision of a region where all communities can thrive, CMAP and partners must pursue new solutions for disinvested areas. Given the conditions common in many disinvested areas, these solutions must differ substantially from typical, market-based planning and investment practices. While the TRA program would provide some needed tools and resources for disinvested areas, it will not suffice on its own. The following section highlights the additional relationship building, research, and coordination needed to relink these areas to the region's economy. Strong and meaningful engagement of residents of disinvested must be at the core of all such work.

The following describes strategies and associated actions to implement this recommendation.

Identify new solutions and target existing resources in disinvested areas

While the proposed TRA program would help direct resources to disinvested areas, their unique challenges require a coordinated set of solutions. Many current drivers of disinvestment are structural -- owing to historical federal or state policy or to private sector investment strategies -- and are so persistent as to require regional scale solutions. Previous CMAP tax policy research has highlighted the benefits of reforming state tax policy while ensuring continuation of state support for local governments and phasing out property tax classification in Cook County to improve fiscal outcomes for municipalities with low tax bases or with poor fiscal conditions.⁸ The federal government has recently created Opportunity Zones as one option to promote new investment.⁹ New federal, state, and regional solutions will be required to overcome persistent lack of private capital and market-driven investment in these communities.

In other cases, the solutions will be more local, leveraging best practices and new partnerships. New research and best practice development could offer guidance on successful implementation of fast-track demolition programs, or assess available federal, state, or county incentives for utility in disinvested areas. One area for substantial work is land banking. Land banks bring important skills to address the vacancy and abandonment prevalent in disinvested areas. South Suburban Land Bank Development Authority (SSLBDA) and the Cook County Land Bank Authority (CCLBA) were formed to mitigate the effects of concentrated vacancies of residential, commercial, and industrial property. All of work within disinvested areas must be rooted in active and continual engagement of residents of EDAs and disconnected areas.

CMAP and partners should identify new regulatory, program, and incentive tools that would be beneficial to weak market areas in northeastern Illinois.

⁸ Chicago Metropolitan Agency for Planning, "Property tax burden in the Chicago region," November 28, 2017 http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/property-tax-burden-in-the-chicago-regi-2.

⁹ U.S. Department of the Treasury, Opportunity Zones, <https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx>.



Regional land banks should work with CMAP and other partners to promote strategic investment in disinvested areas.

CMAP and partners should align road, stormwater, transit, and similar infrastructure investments to address the unique needs of disinvested areas.

CMAP and partners should collaborate on technical assistance, funding, research, legislative, and other initiatives to provide a comprehensive set of solutions to catalyze growth in low market areas.

Target assistance in rapidly changing areas to preserve affordability, quality of life, and community character

In adding more than 2.3 million more residents and 920,000 new jobs between now and 2050, our region will see some areas experience rapid new development. As covered under the TRA goal, CMAP understands the need for targeted technical assistance to such areas. Yet the impacts of rapid growth differ across the region. In disinvested areas, such investment may bring greater access to amenities and/or services. Yet such growth may also rapidly increase property values, potentially leading to displacement of existing residents, businesses, and community networks. Such displacement can, among other negative impacts, harm the health of affected residents. Communities can implement short- and long-term strategies to support their goals and assist existing and new residents in their neighborhood. This strategy also appears in the *Governance* chapter, under the recommendation to *Build local government capacity*.

CMAP and partners should identify disinvested areas experiencing rapid new development pressures and offer planning assistance.

Local governments should identify and implement policies and regulatory strategies to preserve affordability, quality of life, and community character.

Build local capacity to compete for infrastructure investments

A lack of adequate infrastructure can hinder reinvestment, posing particular challenges for disinvested communities whose limited financial capacity may impair their access to regional and federal transportation resources. Accessing these resources requires not only matching local funds, but also significant and costly predevelopment investments (e.g., feasibility studies, engineering designs) that can make projects infeasible for some low capacity municipalities. In addition to the TRA program, disinvested areas need creative approaches to removing the financial barriers that prevent them from accessing some transportation funding programs. New funding would address the difficulty low capacity communities have in entering and staying in the “pipeline” to build needed infrastructure projects. The recently started Invest in Cook program offered by Cook County offers one example of helping low income communities



fund needed infrastructure improvements.¹⁰ Through the program, communities can pay for planning and feasibility studies, engineering, right-of-way acquisition, and construction associated with transportation improvements sponsored by local and regional governments and private partners.

Transportation funders should develop creative approaches to removing the financial barriers that prevent disinvested areas from accessing some transportation funding programs.

IDOT should expand its transportation development credit program to apply to federal aid projects and direct funding assistance to preliminary engineering for priority projects in disinvested areas.

IDOT should direct funding to preliminary engineering for priority projects identified in LTA or other planning studies for EDAs or low capacity communities

The Metropolitan Water Reclamation District (MWRD) should continue offering matching funds to disinvested areas to support floodplain buyouts.

MWRD should explore prioritized stormwater management planning assistance to identify future capital projects in disinvested areas.

County stormwater agencies should explore opportunities to create programs that provide matching funds and planning assistance for capital needs in disinvested areas.

Municipalities with disinvested areas should work with financial institutions to apply for low cost loans for broadband, sewer, and other infrastructure that qualifies under the Community Reinvestment Act (CRA).

Build municipal, nonprofit, and private sector capacity

Addressing the myriad of challenges in disinvested communities requires concentrated, comprehensive resources. While investment and assistance from state and regional entities are critical to forge a new path for disinvested communities, building the capacity of communities, institutions, businesses, and residents of disinvested areas can sustain long lasting change. Lack of staff, funding, technical knowledge, and other resources can limit the ability of municipalities with a high proportion of disinvested areas to interrupt the cycle of disinvestment or meet their economic and quality of life goals.

Capacity building is also required for the private sector. Small businesses in low market areas could benefit from education on and connections to educational and financial resources. Creating a pipeline of local developers and business owners is also important. Beyond large

¹⁰ Cook County, Invest in Cook, <https://www.cookcountyil.gov/investincook>.



scale, national firms, few developers have the requisite combination of skill, interest, and capacity to build projects in disinvested areas. Given this, the region needs more programs like the Chicago Urban League's Chicago Contractor Development Program (CCD) to grow and strengthen small-scale developers and contractors.¹¹ Many mission-driven affordable housing developers -- like Preservation for Affordable Housing (POAH) or Hispanic Housing Development Corporation -- also provide capacity-building opportunities for smaller firms by intentionally including emerging firms and subcontractors in their projects. This strategy also appears in the *Governance* chapter, under the recommendation to *Build local government capacity*.

CMAP and partners like the Federal Reserve Bank of Chicago should work to bring banks and lending institutions together with municipalities to ensure that weak market communities have access to capital and financial services that support economic development.

Local governments should build relationships with financial institutions to access the resources they provide under the CRA.

Local governments should build their expertise about available capital and financial resources, develop a plan to attract those resources, and help businesses and residents to apply for these resources.

Community Development Commissions (CDCs), nonprofit housing developers, and larger municipalities should employ and cultivate smaller scale, minority and women-owned businesses to build their capacity.

Foundations and advocacy groups should continue to explore grants and other funding opportunities to help small-scale developers bridge funding gaps.

CMAP and partners should target technical assistance, trainings, and other assistance to municipalities in low income or low market areas.

Reinvestment for vibrant communities

The region's population overall is growing older and more diverse, businesses' location preferences are changing, and more residents want to live in walkable communities. Strong, livable places offer a range of housing, transportation, employment, and amenity options to meet these changing needs. While their character varies according to local goals, vibrant destinations and communities attract activity and investment. Strategies to shape these communities build on each other and also contribute to regional resilience. For example, compact development patterns support cost-effective transit service and also facilitate walking and biking; transit and non-motorized options, in turn, improve mobility and public health and

¹¹ Chicago Urban League, "Chicago Contractor Development Program," 2016, <http://www.thechicagourbanleague.org/page/463>.



also reduce GHG emissions; these prioritized investments reduce infrastructure costs and promote fiscal sustainability. Fostering strong places throughout the region provides many opportunities for improving quality of life and economic results for the region's residents and businesses.

The following recommendations help implement this goal.

Support development of compact, walkable communities

ON TO 2050 carries forward the GO TO 2040 recommendation to build walkable communities with a variety of services, amenities, and transportation options. These places also often serve as vibrant nodes, offering community gathering spaces and a strong local identity. Continuing to support compact, walkable communities will help meet increasing demand for these places, support transit and existing communities, improve the health of residents, and broadly promote a high quality of life. Such places exist throughout the region, from suburban downtowns and small town main streets to urban neighborhoods.

In the future, more people might want to live in dense, walkable communities due to two key societal shifts. CMAP's 2050 socioeconomic forecast estimates that the number of residents age 60 and older will nearly double between now and 2050.¹² As baby boomers downsize and our senior population continues to grow through 2050, many seniors might prefer places with accessible and walkable amenities.¹³ At the same time, consumer preference surveys and recent home buying trends indicate a growing desire for mixed-use communities with walkable amenities in both urban and suburban areas.^{14,15} Density and pedestrian accessibility are also critical for an area's ability to support high quality transit service. The chart below illustrates a sea change in the types of housing being built in the region, moving from predominance of single-family detached units to an equal balance of the multi-unit developments more typically found in compact, walkable places.

¹² Chicago Metropolitan Agency for Planning, "Draft ON TO 2050 socioeconomic forecast," 2016, <http://www.cmap.illinois.gov/onto2050/socioeconomic-forecast>.

¹³ Chicago Metropolitan Agency for Planning, "Aging in place white paper," 2016, <http://www.cmap.illinois.gov/documents/10180/74848/Aging%20in%20Place%20White%20Paper/94b4305c-4586-4bd3-acf1-e177194f8820>.

¹⁴ Urban Land Institute, "Housing in the evolving American suburb," 2016, <http://uli.org/wp-content/uploads/ULI-Documents/Housing-in-the-Evolving-American-Suburb.pdf>.

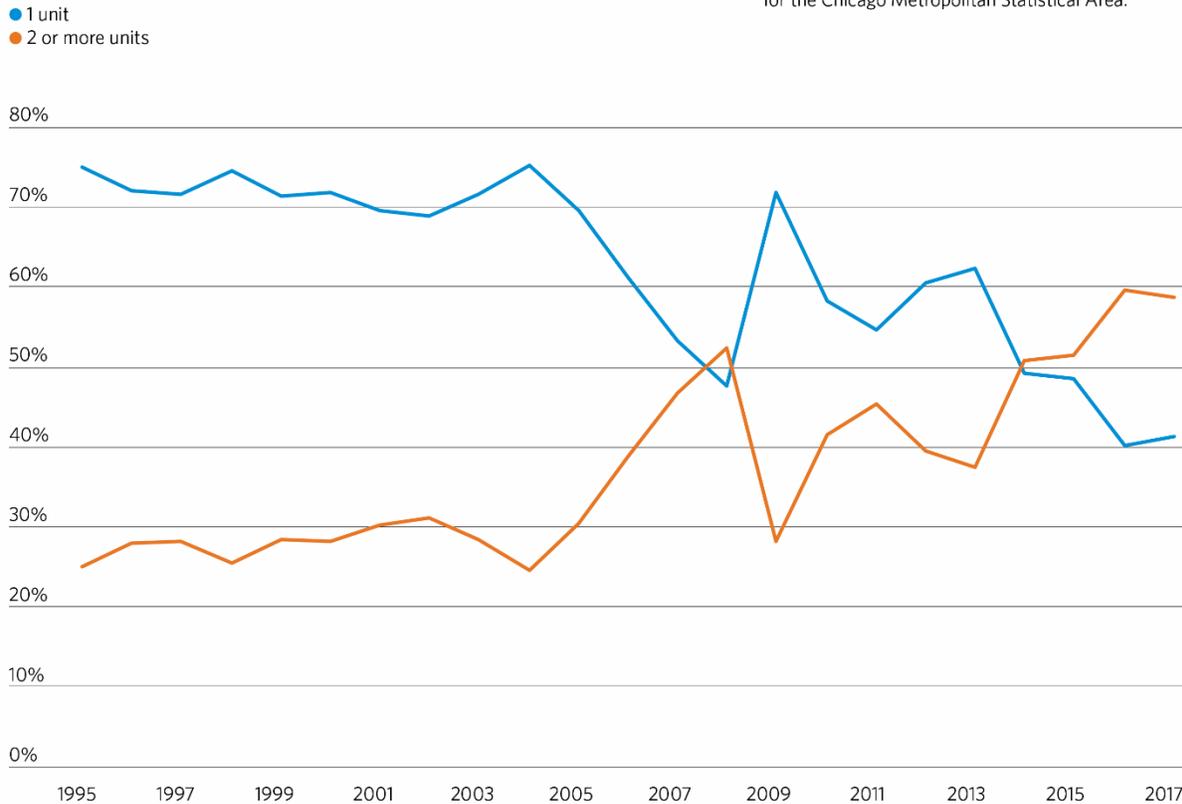
¹⁵ Braff, Danielle, "Chicagoland renters and buyers are itching for walkable suburbs. Enter 'surban.," Chicago Tribune, May 17, 2018, <http://www.chicagotribune.com/classified/realestate/ct-re-0520-walkable-suburbs-20180515-story.html>.



Proportion of permitted new housing units in the Chicago MSA, by units in structure

Note: Economic impact analysis includes both direct and indirect effects.

Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census annual building permit data for the Chicago Metropolitan Statistical Area.



CMAP anticipates continued technological innovations that will increase transportation options and improve connectivity between transportation modes. Increased data and communication technology will allow residents to use a bus for one leg of a trip, a shared bike for another, and a vehicle for yet another (see the recommendation to *Harness technology to improve travel and anticipate future impacts* in *Mobility* for more information). This increases transportation options, limits the need for a personal vehicle, and aids creation of walkable places. Recognizing the potential for such change, CMAP included Walkable Communities as one of the five Alternative Futures during ON TO 2050 plan development. Walkability varies widely across the region and different approaches will be needed to best improve the environment for pedestrians.

[GRAPHIC TO COME: Local Strategy Map interactive feature illustrating walkability levels in the region and best practices to improve walkability.]

Adaptation will be needed to ensure that compact places work for a range of modes and uses. Rapidly changing technology is resulting in multiple demands on the street and street edge. The popularity of online shopping has brought more trucks into all types of neighborhoods, at all times of day. Increased use of shared mobility -- from bikeshare to companies like Uber and Lyft -- has created competition for limited street frontage. While best practices exist for creating

complete streets, minimizing parking demand, promoting compact development, and safely accommodating all users, the types of transportation uses and the types of places that people want are changing swiftly. Yet long-term policies and guidelines often still prioritize movement of automobiles over pedestrians, bicyclists, and transit without consideration of development context, contributing to a poor balance among competing users that can render a place less safe and inviting. By considering the full range of users and uses from the beginning of infrastructure projects, transportation implementers will be able to avoid unintentional conflicts, such as street furniture that makes it harder for a pedestrian or physically impaired resident to get to the bus. The City of Evanston took this “full range” approach when planning for Sheridan Road.¹⁶ Improvements along the corridor included not only roadway resurfacing/reconstruction and the installation of new water main and storm sewer, but also numerous bicycle and pedestrian safety improvements.

[GRAPHIC TO COME: Rendering illustrating a streetscape adapted to new mobility options while preserving walkability and character.]

In addition to its negative impact on walkability, parking remains an important determinant of development outcomes. Too much parking reduces the space available for denser homes or businesses and may increase the overall cost of a development, while too little parking can limit access and potentially deter some types of investment. Pricing of parking is also a major part of the equation. Communities can price parking to increase local revenues and manage parking demand. Carefully planned and appropriately priced parking facilities can increase transit ridership, as shown in the graphic below based on the recent CMAP Transit Ridership Growth Study.¹⁷ Overall, community plans must balance meeting parking needs and supporting all transportation modes in walkable places. Local governments, transit providers, counties, IDOT, CMAP, and others hold important powers that can be used to create the compact, walkable communities that many residents increasingly want.

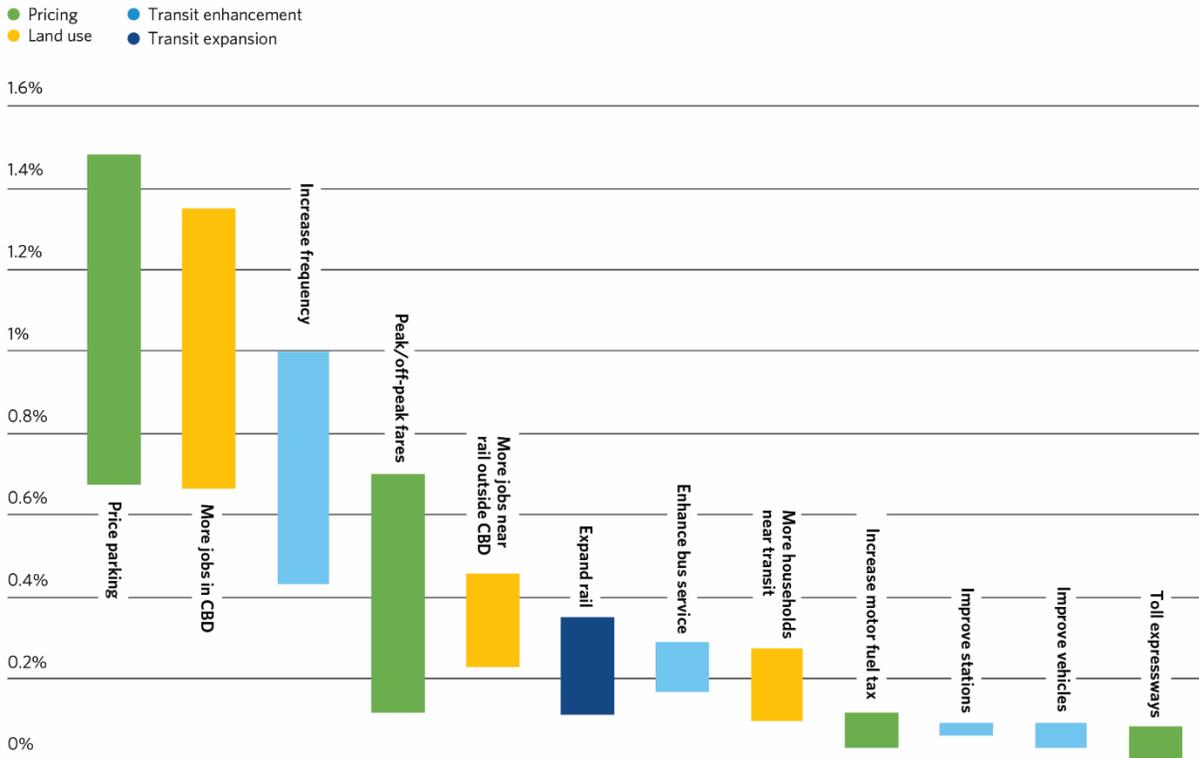
¹⁶ City of Evanston, “Final phase of Chicago/Sheridan improvement project begins April 9,” March 27, 2018, <https://www.cityofevanston.org/Home/Components/News/News/2873/17>.

¹⁷ Chicago Metropolitan Agency for Planning, “Transit Ridership Growth Study,” 2017, http://www.cmap.illinois.gov/documents/10180/0/Transit+Ridership+Growth+Study_final.pdf/21bca990-9e7a-4af9-8ec1-6b8c8b11fd16.



Gain in mode share at low and high levels of strategy implementation, 2015

Source: CMAP Transit Ridership Growth Study.



Note: the design of this graphic will be updated in the final plan

The following describes strategies and associated actions to implement this recommendation.

Adapt the street and sidewalk to emerging developments in transportation

Urban neighborhoods, suburban downtowns, and commercial corridors must serve many types of travel and uses, from pedestrians to trucks and from mom-and-pop stores to mixed-use developments. These interactions are becoming more complex due to online shopping and associated deliveries, increased biking and walking, and mobility innovations like ride hailing companies and dockless bikeshare. Transit vehicles, loading zones, bicycles, and parking all compete for dedicated right of way on the street network. Without careful planning, unintentional conflicts can arise on the street network and on the sidewalk, such as when street furniture or bike parking makes it harder for someone with disabilities to navigate, or for people to access bus stops.

Accommodating such varied needs in limited urban space is complex, but many solutions exist. Given the fast pace of change in mobility today, CMAP and partners can play a role in monitoring changes and establishing best practices for design, pricing, and shared uses. CMAP should work with communities to pilot new approaches and establish strategies to support

public transit and preserve vibrant, equitable, accessible, and walkable communities. This strategy also appears in the *Mobility* chapter under the recommendation to *Harness technology to improve travel and anticipate future impacts*.

Improve safety for all users in downtowns and main streets

Walkable downtowns and community nodes require infrastructure that prioritizes safety and movement of pedestrians, bicyclists, and other vulnerable users. Providing a protected, friendly environment for all also promotes the success and vitality of placemaking and community building efforts. The region has implemented many best practices to promote safety. Pedestrian countdown signals, better road markings, protected left turn phases, designs that lower left turn speeds, and traffic-calming treatments all improve the safety of pedestrians at intersections, but more needs to be done. Roadway redesigns that lower speeds and allocate space to pedestrians, bicyclists, and transit -- often referred to as Complete Streets -- can maintain vehicular throughput while making roads safer for all users. Effective lighting, distinct pavement markings, improved signs, less complicated intersections, pedestrian refuge islands, and all-red clearance intervals can improve safety for all ages and users. The most effective pedestrian improvements require connectivity with surrounding developments to ensure functionality. Please see the *Improve travel safety* recommendation in the *Mobility* chapter for more information on safety across all modes.

Actively manage parking

The amount and location of parking influences the character, form, function, and flow of our communities. Too much or poorly designed parking can make walking and bicycling unpleasant and unsafe, add to flooding and pollution problems, make housing more expensive, and reduce transit use. At the same time, in some places, parking is necessary to support local businesses. Planning for parking needs and pricing parking to manage demand can support businesses, raise local revenues, and help create compact, walkable communities. Configuring parking appropriately can promote walkability and access. All day parking for employees, commuters, or residents can compete with the short turnaround spaces needed for many retail, restaurants, and services. Communities may choose to reconfigure existing parking to meet these varying needs.

Recognizing the importance of parking management, CMAP developed a *Parking Strategies to Support Livable Communities Toolkit* that encourages communities to consider a wider array of solutions than just adding more parking.¹⁸ Valuable interventions include pricing on-street parking to manage demand in dense areas, reducing or eliminating minimum parking requirements, and setting maximum parking limitations in some locations. Through the LTA program, CMAP has also helped Berwyn, Hinsdale, and Wicker Park-Bucktown develop plans to identify and implement the right parking management practices for their neighborhoods.

¹⁸ Chicago Metropolitan Agency for Planning, "Parking strategies to support livable communities," 2012, <http://www.cmap.illinois.gov/documents/10180/96911/StepByStep3.pdf/39fa6452-2e19-4691-87bd-abac8b06c248>.



This strategy also appears in the *Mobility* chapter under the recommendation to *Make transit more competitive*.

Local governments should reduce or eliminate minimum parking requirements, or set maximum parking limitations in some locations, such as near transit.

Local governments should price on-street parking to manage demand in dense areas.

CMAP should monitor the implementation of active parking management approaches around the region to understand trends, approaches, and outcomes.

Local governments, CMAP, and Metra should analyze current and future parking supply and demand at rail transit stations to evaluate the potential for alternative land uses and parking allotments to enable transit oriented development (TOD).

Plan for transit-supportive land uses

The region cannot meet its transit ridership goals without supportive development near bus and rail. Linking transit, housing, and land use was a focus of GO TO 2040 and continues to be an important part of ON TO 2050. Planning for the complex, interrelated nature of these issues can bring many quality of life and economic benefits to the region. Yet, as highlighted in the ON TO 2050 Infill and TOD snapshot report, such linkages are only being created sporadically, which limit the potential positive benefits to bus and rail transit ridership.¹⁹ As CMAP identified in the Transit Ridership Growth Study, the region is not on track to meet the transit use goals set in GO TO 2040. Placing housing near transit is critical, but emerging research shows that placing employment near transit may have an even stronger impact on the success of transit. Planning for bus and rail transit-supportive land uses must also involve enhancing pedestrian and bike connections to transit, thereby making it easier and safer for employees and residents near transit corridors to walk or bike to rail or bus stations. Pace has established transit supportive guidelines focused on non-rail transit in suburban communities. This strategy also appears in the *Mobility* chapter under the recommendation to *Make transit more competitive*.

Municipalities and counties should update plans, zoning codes, and development regulations to require greater densities and mixed uses near rail stations and along high-priority bus corridors with a preference toward employment rich land uses.

Roadway agencies and municipalities should require developers to consult with transit agencies to verify that proposed developments do not negatively affect existing or planned transit service.

¹⁹ Chicago Metropolitan Agency for Planning, "Transit Ridership Growth Study" 2017, http://www.cmap.illinois.gov/documents/10180/0/Transit+Ridership+Growth+Study_final.pdf/21bca990-9e7a-4af9-8ec1-6b8c8b11fd16.



Municipalities and counties should prioritize capital projects that enhance pedestrian and bicycle access to rail and bus service.

Transit agencies should strategically consider new transit investments, including bus and rail stops, which further the planning and development work of municipalities and counties.

CMAP and partners should offer additional consideration when allocating federal funding sources such as CMAQ, TAP, and STP for jurisdictions that actively plan for densities to support transit service.

Implement best practices in placemaking

Placemaking is a multi-faceted approach to the planning, design, programming, and management of community spaces that seeks to capitalize on local assets in an effort to improve quality of life. This includes spaces both public and private and devotes attention to elements that contribute to a sense of place including architecture, historic preservation, public art, street life, and others. Placemaking creates a welcoming environment and helps support meaningful social interaction. It improves feelings of comfort and safety, increases the visibility of vibrant community spaces, and enhances marketing, branding, and communication. When done well, placemaking efforts draw in both locals and tourists, thereby attracting additional investment and generating a sense of pride, helping to increase community engagement and participation. Though difficult to quantify, this sense of connection between people and the spaces they inhabit creates a region of vibrant communities.

Placemaking can come in many different shapes and sizes and is vital in small towns, suburban communities, and urban neighborhoods. Numerous placemaking best practices already exist in our region. Placemaking helps develop a stronger sense of community and build a better basis for future community outreach. This outreach benefit is multiplied when placemaking is inclusive, creating a space or event in which all can participate. The region's best examples of placemaking are innovative, providing something unique that helps set apart a place and create a destination. The best examples are also continuous, places that open year round and have a strong long-term plan for programming and funding. For example, Three Oaks Recreation Area, near Crystal Lake, is a large-scale outdoor recreation facility created through the reuse of a former gravel quarry. While attendance is strongest in warm weather for watersports, beaches, and hiking, many of the quarry's gravel mounds now serve as sledding hills, helping to attract visitors year-round. Communities in the region should use these best practices when undertaking their own placemaking efforts. To find more information, please see the ON TO 2050 Placemaking report.²⁰

²⁰ Chicago Metropolitan Agency for Planning, "Placemaking," 2018, <http://www.cmap.illinois.gov/onto2050/snapshot-reports/placemaking>.



Match regional and local housing supply with the types that residents want

The region's housing supply must adapt to meet global shifts and local needs that include an aging population, increasing diversity, and changing family living patterns. As demographics change, so does the type and location of the housing that people want. Research found that the market can be impeded from meeting such changes in demand by various barriers, including both the community's lack of alignment between planning, zoning, and approvals processes and the extent to which its residents accept proposed housing choices.²¹

[GRAPHIC TO COME: Informational graphic showing barriers to housing choice.]

The current lack of sufficient housing options makes our residential market vulnerable to shifting demand, contributes to concentrated poverty, and hurts the health of residents. The disconnect between the housing that people want and what is available undermines the regional economy. In the CMAP region, as in many others across the nation, minorities and people in poverty are often concentrated geographically. According to recent analysis by the Metropolitan Planning Council, the Chicago region has the fifth highest combination of racial and economic segregation among the 100 largest U.S. regions.²² This combined segregation by race and income is highly detrimental to residents within these geographies and to the entire region because of negative consequences associated with concentrated poverty.²³ For example, health researchers have found that where people are born, grow up, live, work, and age has a major impact on physical, mental, and behavioral health outcomes.²⁴ To compete in the future, metropolitan Chicago must make full use of all its resources, especially its residents. Yet because our region struggles to build a sufficient amount of good, affordable housing with access to employment and services, the deleterious effects of concentrated poverty continue. To name just one outcome, the fact that residents of EDAs are less likely to be homeowners limits the region's potential for wealth building, which in turn limits the financial resources available for local and regional initiatives.²⁵

By 2050, residents in our region should have the ability to find a good, affordable home that fits each household's preferences, including proximity to jobs, transportation, and other amenities,

²¹ Urban Land Institute, "Yes in My Backyard", 2017, <https://americas.uli.org/wp-content/uploads/sites/125/ULI-Documents/State-Housing-Policy-Report-2017.pdf>.

²² Metropolitan Planning Council, "The Cost of Segregation," www.metroplanning.org/costofsegregation.

²³ Chicago Metropolitan Agency for Planning, *Fair Housing and Equity Assessment*. November 2013, p 11. <http://www.cmap.illinois.gov/documents/10180/198094/Chicago%20Region%20FHEA%20November%202013%20HUD%20Submission.pdf/b0c6946e-4425-49fe-8d0a-f336903bc464/#page=59>.

²⁴ World Health Organization, "Social determinants of health," http://www.who.int/social_determinants/sdh_definition/en/.

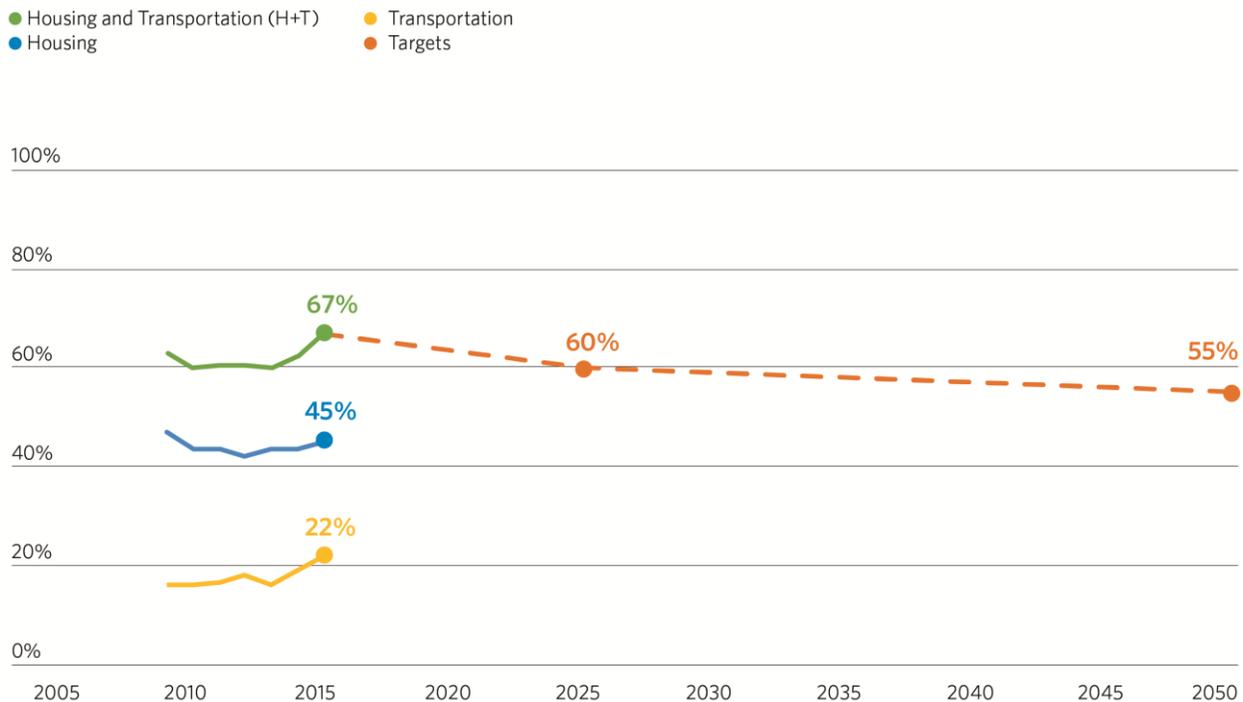
²⁵ Chicago Metropolitan Agency for Planning, "Economically Disconnected Area clusters in the CMAP region," January 25, 2018, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/economically-disconnected-area-clusters-in-the-cmap-region.



throughout all stages of life. Today, transportation costs are rising and commutes for low income residents are long. ON TO 2050 sets a goal of limiting housing and transportation costs for low and moderate-income residents, to improve housing choice and quality of life. To reach that vision, stakeholders throughout the region must address barriers that prevent the market from meeting the demand of current and future residents. Housing choice will help make our residential stock resilient in the face of changing demand, help reduce concentrated poverty, and improve affordability for all residents, including low- and moderate-income households.

Percentage of income spent on housing and transportation by moderate- and low-income residents

Source: Chicago Metropolitan Agency for Planning analysis of public-use microdata from the Bureau of Labor Statistics Consumer Expenditure Surveys.



The following describes strategies and associated action to implement this recommendation.

Create and disseminate best practices for promoting community consensus

Addressing barriers to housing choice requires support from municipal leaders, community-based organizations, and residents. Such buy-in can be hard to get. No individual organization in our region has the alignment of mission and capacity to single handedly cultivate support for expanded housing options in general, and for affordable housing in particular. Certainly, CMAP alone does not. But the work of Impact DuPage, DuPage United, and Lake County United shows promise, and all three rely on a similar approach: creating local support for additional housing types through grassroots organizing often led by religious organizations, social service providers, and concerned residents.

Religious organizations, social service providers, and concerned residents throughout the region should be encouraged to form local grassroots organizations that galvanize support for the development of a broader range of housing types.

Partners should monitor the success of these nascent community consensus efforts and share lessons learned as those in other parts of the region embark on their own efforts.

Align zoning, approval processes, building codes, and inspections to generate more housing options

Changes in demographics and consumer behavior are transforming the types, locations, and price points of people's housing preferences. Evidenced in the earlier chart showing the proportion of permitted new housing units in the Chicago Metropolitan Statistical Area by units in structure, the region is changing from building mostly single-family detached units to an equal balance of the multi-unit developments over the last 20 years. To prepare for continued shifts, communities should be planning for future housing needs. By planning to forge consensus on which housing types should be developed locally, communities may avoid the contentiousness that can ensue when the public reviews a specific development proposal that has caught residents by surprise. Such planning can also help local leaders understand the relationship between community desires and market realities. And especially when the plans cross jurisdictions, they can help multiple communities come together to create unified responses to mutual challenges. The recently developed Regional Housing Solutions website provides local stakeholders with proven market-specific tools to address pressing local housing issues.²⁶

Yet planning alone is not enough. Meeting regulatory requirements is often a sequential process, with the cost of each added step driving up home prices. Through zoning, entitlement processes, and building codes and inspections, municipalities' and counties' choices shape the types of housing that can be built and preserved. These and other regulations can limit housing options that the market might otherwise provide. Sometimes these effects are the intentional or necessary results of community health and safety regulations or the outcomes of an established local vision. But in many cases, the regulatory barriers are unintentional and have consequences that the community does not desire. To gain the full benefit of good planning, communities must align zoning codes, entitlement processes, and potentially building codes and inspection processes with the local vision established through good planning.

Local governments should plan for future housing needs, and in doing so, considering how demographics and consumer preferences may create the need for a greater range of housing types. After establishing that housing vision, the local government should align local zoning, entitlements, and building code content and processes to promote that vision.

²⁶ Regional Housing Solutions website, 2017, <https://www.regionalhousingsolutions.org>.



CMAP, the Metropolitan Mayors Caucus, and the Metropolitan Planning Council should investigate prevalent local building code amendments and code enforcement processes that impede development of a range of housing types.

In partnership with the Metropolitan Mayors Caucus and the Metropolitan Planning Council, CMAP should help communities create local housing plans and align them with zoning, entitlement, and building code content and processes, including across jurisdictions when possible.

Plan for housing that supports aging in place for the region’s growing senior population

Between 2015 and 2050, CMAP projects that the region’s senior population will increase by 880,000 people. Residents over the age of 75 are anticipated to more than double.²⁷ An aging population will significantly influence housing in the region. Some households will want to move to smaller, more age-friendly units, while many seniors will prefer to remain in their current homes. Still others may want to move to communities with more amenities in walking distance, including bus and rail service. Housing planning is an important part of ensuring that communities offer a diversity of options that allows seniors to find new homes that meet their needs, while also supporting programs and systems that can help seniors successfully live in their existing homes. These programs can both address issues in the home, like the Handyman program offered by the Northwest Housing Partnership, and outside the home, like Evanston’s reduced fare taxi program.²⁸ ²⁹ See CMAP’s Aging in Place whitepaper for a set of housing and community strategies to support the region’s growing senior population.³⁰

Municipalities and counties should plan for and permit housing types that support aging in community for the region’s growing senior population, such as mixed-use housing, transit oriented housing, accessory dwelling units, co-housing, and multi-generational housing.

Local governments and civic organizations should implement local efforts to help seniors age in place, such as handyman programs and home safety assessments.

²⁷ Chicago Metropolitan Agency for Planning, “Draft ON TO 2050 Socioeconomic Forecast,” 2016, <http://www.cmap.illinois.gov/onto2050/socioeconomic-forecast>.

²⁸ Northwest Housing Partnership Handyman Program, <http://www.nwhp.net/nwhp-programs/>.

²⁹ The City of Evanston’s Subsidized Taxicab Program, <https://www.cityofevanston.org/residents/senior-services/subsidized-taxicab-program>.

³⁰ Chicago Metropolitan Agency for Planning, “Aging in Place Whitepaper,” 2016, <http://www.cmap.illinois.gov/programs/local-ordinances-toolkits/aging-in-place>.



Continue to improve the efficiency and effectiveness of housing subsidy programs

While smaller in comparison with the private lending market, a number of federal, state, and local subsidy programs (Community Development Block Grant, Illinois Housing Trust Fund, Low Income Housing Tax Credits etc.) are also critical to financing of housing. In an age of limited resources, including cuts to some of these funding sources in recent years, the managers of federal, state, and local subsidies should continue to improve the efficiency, effectiveness, and coordination of their programs.

Housing program managers should continue improving their efficiency to make scarce funds go farther, including exploring opportunities to partner in meeting various administrative requirements, such as the development of consolidated plans, fair housing plans, and funding applications.

Housing program managers should coordinate funding priorities and selection criteria, such as the definition of "opportunity areas," to reduce duplication, simplify the application process, and better align funding decisions.

CMAP should continue to provide technical assistance to such organizations in improving administrative efficiency as well as encouraging coordination with other funds to improve effectiveness.

Reform state and federal regulations that negatively affect development of diverse housing types

Markets that fund housing are the most critical piece of the resource puzzle and important arbiters of housing stock and availability. While decisions on individual loan applications obviously influence what is built or rehabilitated, many factors underlie those decisions, including federal funding and regulatory determinations, along with the risk perceptions of public and private funders. National research shows that federal housing rules favor homeowners over renters and single-family homes over multifamily homes, creating policies that prevent markets from responding to changing demand.³¹ For example, the U.S. Department of Housing and Urban Development (HUD), Federal Housing Administration (FHA), and Fannie Mae and Freddie Mac programs limit the amount of non-residential space allowed within developments as a condition for receiving federal financing or loan guarantees, thereby making it difficult to finance construction and renovation of low-rise, mixed-use buildings. Many private lenders use risk assessment criteria based on the federal regulations, meaning that mixed-use projects not seeking federal financing or loan guarantees can still be affected. While many different laws and regulations influence the market, it is not yet clear which are most influential in our region. CMAP will determine which aspects of federal regulations are the

³¹ Chicago Metropolitan Agency for Planning, "Housing Choice Strategy Paper," 2017, <http://www.cmap.illinois.gov/documents/10180/516053/Expanding+Housing+Choice+strategy+paper/dbfeddfe-a977-4408-b6b0-e81f0f158039>.



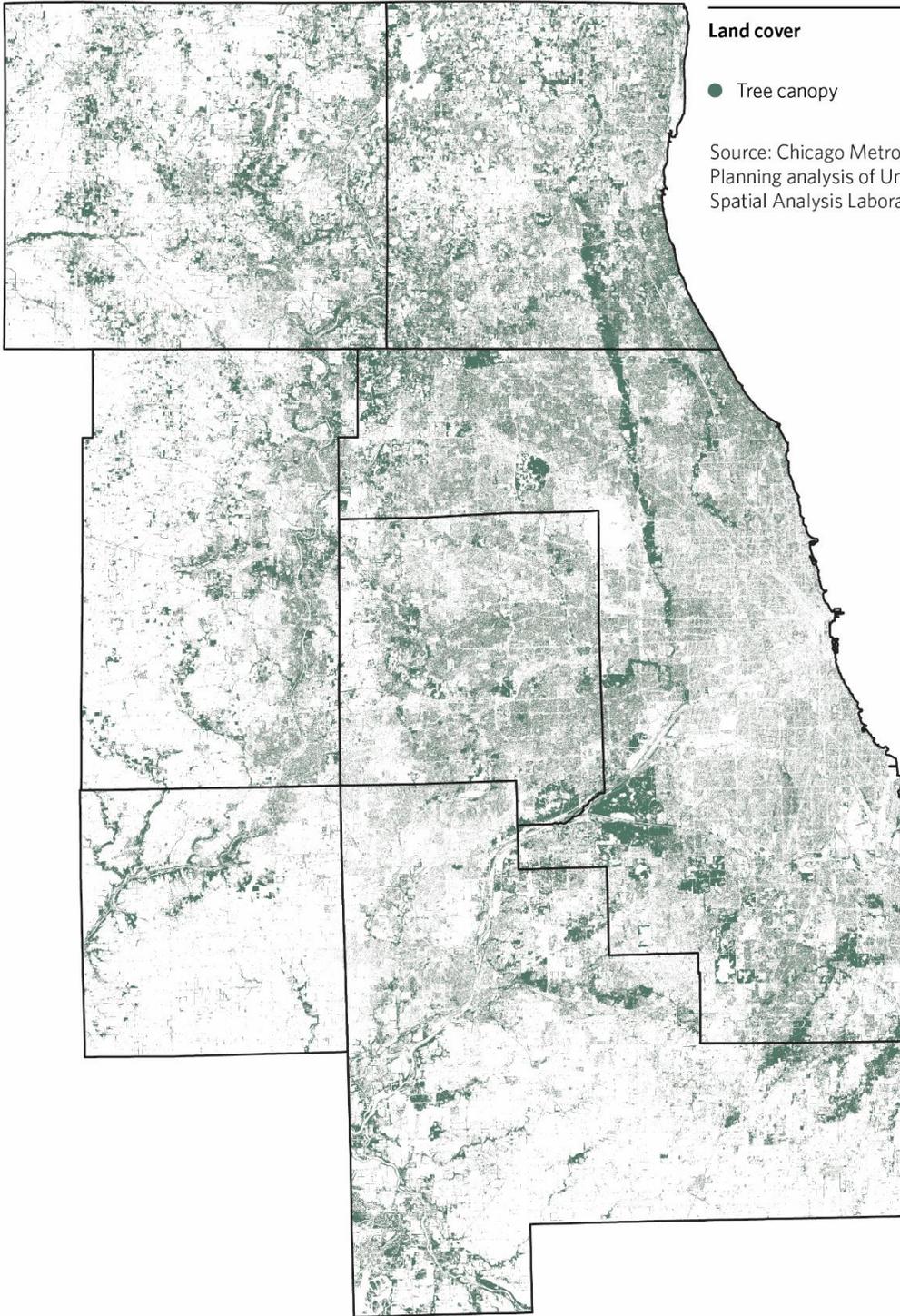
most substantial barriers to the pursuit of housing choice and promotion of compact, mixed-use housing in metropolitan Chicago and outline local, regional, state, and federal strategies to address these barriers.

Improve natural resources through the redevelopment process

Infill and redevelopment can provide a variety of benefits, such as leveraging and making efficient use of existing infrastructure and services, promoting walkability, spurring investment in disinvested or stagnant growth areas, and helping to preserve key agricultural and natural lands by accommodating growth in already developed locations. The redevelopment process also presents unique opportunities to conserve, restore, and enhance natural resources at infill locations and to increase climate resilience.

Given that most development happened before the advent of today's best practices, redevelopment can help tackle some of the region's most persistent environmental challenges. For example, remediating brownfield sites when conditions are favorable provides environmental and social benefits; however, current funds for these initiatives are limited. In addition, building renovations and construction of new buildings can result in improved environmental performance through the use of energy- and water-efficient systems and appliances, renewable energy, water reuse, recycled and sustainable materials, and other sustainable approaches.





Land cover

- Tree canopy

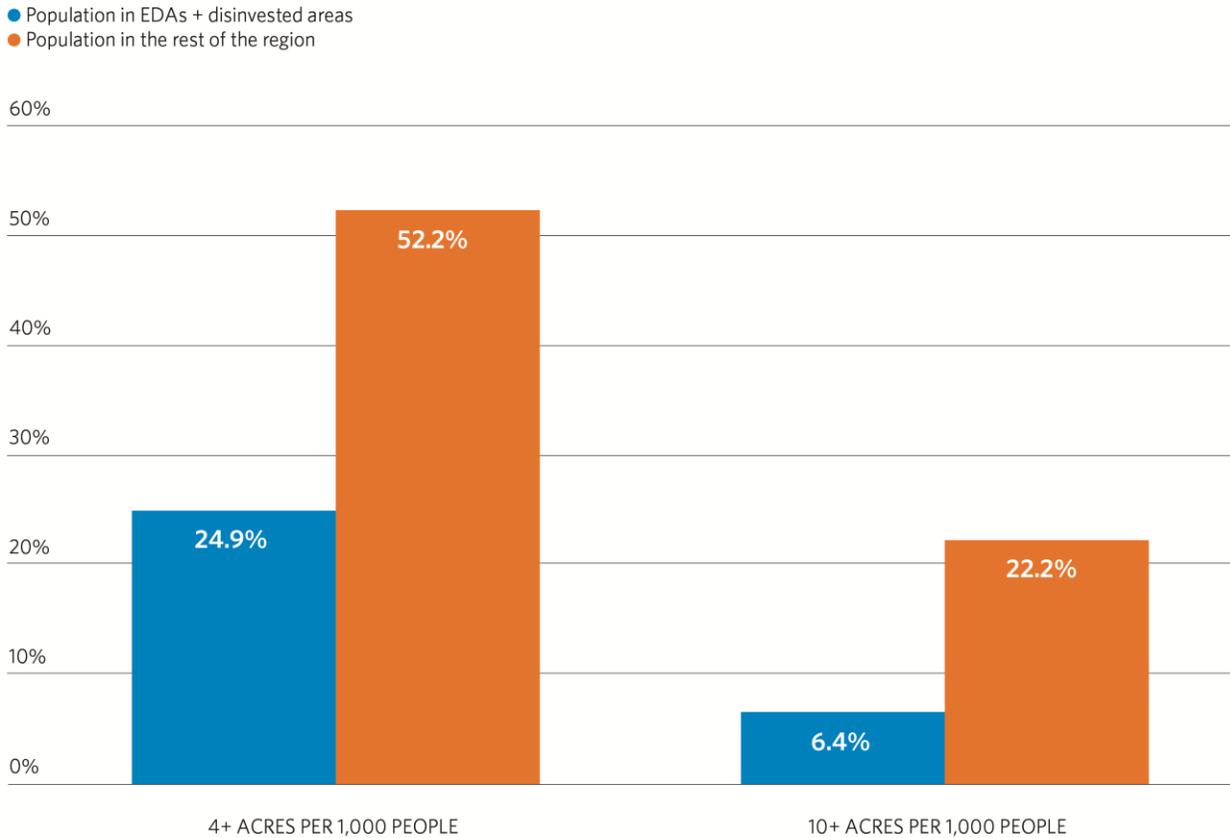
Source: Chicago Metropolitan Agency for Planning analysis of University of Vermont Spatial Analysis Laboratory, 2010.



In addition, strategy development for ON TO 2050 has highlighted other environmental issues related to climate change and flooding, water quality, community greening and placemaking, and impacts to vulnerable populations that are particularly important to address during the redevelopment process. Climate change -- and the associated exacerbation of urban heat island effects and flooding -- underscores the importance of expanding green infrastructure, tree canopy, and other community greening strategies. With regard to underserved populations, review of the GO TO 2040 access to parks indicator revealed that the region's EDAs have far lower access to parks than economically connected areas: in 2013, 28.6 percent of the population in EDAs had access to four or more acres of parkland per 1,000 residents, compared to 53.8 percent in other areas. As EDAs redevelop, making a concerted effort to provide park space will help to reduce this disparity over time.

Access to parks (4+ acres per 1,000 people), within Economically Disconnected Areas (EDAs) and disinvested areas, rest of region, 2013

Source: Chicago Metropolitan Agency for Planning Land Use Inventory 2013 and the U.S. Census Bureau's 2010 Census.



This recommendation also appears in the *Environment* chapter.

The following subsection describes strategies and actions to implement this recommendation.



Apply sustainable development practices to the redevelopment process

Each redevelopment site represents an opportunity to enhance the environmental performance of a property and contribute to local and regional natural resource enhancement. Many aspects of development proposals, such as building design, landscape choices, and site planning, can improve climate resilience, water conservation, stormwater management, and water quality. Expansion of site-scale greening -- particularly with native and drought- and flood-tolerant landscape materials and trees -- can help to mitigate the urban heat island effect, retain stormwater, and promote carbon sequestration. Avoiding redevelopment in flood-prone areas interrupts the cycle of escalating and recurring damages. Local governments can be proactive about addressing flooding challenges by going beyond county requirements to require stormwater best management practices on smaller parcels. Encouraging green infrastructure practices as the first design option and enabling rainwater harvesting and reuse can help address concerns from neighbors that redevelopment could exacerbate existing stormwater problems.

Despite these real benefits, integration of sustainable practices in redevelopment is often perceived as more difficult or expensive. The most common example is with stormwater, where small sites may be severely constrained from meeting detention requirements. Yet the application of green infrastructure designs like permeable paving or bioswales can be incorporated in a variety of settings. For property owners with space or other site constraints, credits and trading programs can provide flexibility and increase implementation. In the stormwater example, trading programs allow eligible properties to meet a portion of their stormwater requirements by buying "credits" from other property owners. These programs could lead to dramatic improvements, especially if off-site installations are located within the same water- or sewer-shed and the infill site does not create downstream impacts. Municipalities can also take advantage of larger-scale redevelopment efforts to either make adjacent infrastructure improvements that relate to climate resilience, such as burying overhead utility lines, installing street trees, or building sewer capacity or shared stormwater solutions, or require developers to do so.

Local governments should revise zoning, building, energy, and stormwater regulations to ensure sustainable development practices are implemented through redevelopment, retrofits, and adaptive reuse of buildings and property.

County stormwater agencies should follow Cook and DuPage efforts and establish fee-in-lieu programs for detention and volume control for constrained infill sites to address existing flooding and water quality issues.

Address environmental challenges that disproportionately affect specific populations and disinvested areas

As documented by the environmental justice movement, environmental issues tend to have disproportionate impacts on specific populations, including people who are low income, of color, or have limited English proficiency. For instance, these residents are frequently affected by the environmental hazards arising from the disproportionate location of brownfields,



landfills, and freight and industrial facilities within their communities. Similarly, research suggests that those who might be at increased exposure to heat waves include people of color, residents with limited English proficiency, those with family income below the poverty line, the elderly, children, and those with existing health conditions.³²

Other challenges, ranging from repetitive flooding to lead exposure in drinking water lines, could also be due to a lack of investment and maintenance that are particularly acute in disinvested areas. As infrastructure managers work to balance budgets or address the backlog of deferred maintenance, higher service fees can be particularly difficult for low income residents to absorb. In general, more research is needed to determine the impacts of environmental issues on different population groups and meaningful strategies to address them. Any such effort must deeply engage the affected communities to ensure that solutions reflect local needs.

CMAP and partners should explore the impacts of high-priority issues -- such as climate change, water loss and pricing, repetitive flooding, brownfields, and air pollution -- on vulnerable populations and disinvested areas, while engaging affected populations to collaboratively develop and implement solutions.

CMAP and partners should align green and gray infrastructure investments to address the unique needs of disinvested areas.

Increase community greening efforts and expand neighborhood parks

Community greening involves increasing the amount of green coverage, including recreational or passive park space, community gardens, landscaping and tree canopy,³³ and green infrastructure. This can be particularly valuable in walkable downtowns, along major commercial corridors, and in other areas with an extensive impervious surface. Community greening efforts can achieve numerous benefits, including greater climate resilience, stormwater management, habitat, reduced heat island effect, and improved physical and mental health. GO TO 2040 recommended retrofitting developed areas with green infrastructure, which contributes to overall community greening, and these practices were explored in greater detail in the ON TO 2050 Integrating Green Infrastructure strategy paper.³⁴

Local governments, park districts, and other partners should expand and improve access to neighborhood parks and community gardens, particularly in EDAs.

³² The U.S. Environmental Protection Agency (<https://www.epa.gov/heat-islands/heat-island-impacts>) provides research related to climate vulnerability.

³³ The Chicago Regional Trees Initiative, <http://chicagorti.org/interactivemap>.

³⁴ Chicago Metropolitan Agency for Planning ON TO 2050 strategy paper, 2016, "Integrating Green Infrastructure," <http://www.cmap.illinois.gov/onto2050/strategy-papers/green-infrastructure>.



Local governments, park districts, and other partners should incorporate green infrastructure and other green strategies into neighborhood parks, school yards and properties, corporate and office campuses, and other open lands to achieve multiple co-benefits.

Local governments, park districts, and transportation agencies should expand urban forestry efforts to protect existing trees and to increase and diversify the tree canopy.

Local governments, transportation agencies, and landowners should incorporate site-scale green infrastructure, trees, landscaping, etc. into non-park spaces, including street right of ways, parking lots, and private property.

Development that supports local and regional economic strength

Through their role in planning for and regulating development, municipalities, and counties support small but significant pieces of regional markets for commercial and industrial developments, many of which house companies that make up the region's economic base. Cumulatively, these choices affect transportation costs, congestion, and commutes. Local governments attach higher priority to certain types of economic development for many reasons, from meeting local employment goals, to quality of life concerns, to the potential for fiscal benefit. The interaction of local and regional markets and tax policy can limit the revenue potential of some communities. As a result, some local governments struggle to maintain infrastructure in a state of good repair, provide desired services, or ensure that staff and elected officials have the training and resources to be effective and innovative.

ON TO 2050 encourages providing support for industries that connect the region to the global economy, increasing local cooperation on economic development, and changing tax policies at the state and local level to support more development types and provide local governments with more paths to success. These strategies can also reduce competition and overbuilding of some development types, lowering costs and improving fiscal outcomes for the region.

The following recommendations help implement this goal.

Develop tax policies that strengthen communities and the region

The region needs a tax system that provides ample opportunity for local governments to generate revenue that supports their plans, goals, and desired development patterns. Under the current tax structure, communities without sales tax generating businesses or dense commercial development often have few revenue options sufficient to cover the cost of public services and infrastructure.³⁵ To further promote retail, some local governments limit space for development

³⁵ Chicago Metropolitan Agency for Planning, "Tax Policies and Land Use Trends," March 2017, <http://www.cmap.illinois.gov/documents/10180/517351/Tax+Policy+and+Land+Use+strategy+paper/30b90429-1af9-4903-ad29-b75ed1dc94e0>.



that does not generate sales taxes or other major revenues. For example, some communities exclude non-sales tax generating businesses from commercial areas. These choices reflect local preferences, but have large effects on the region's built environment and ability to support economic activity at the regional scale. While often producing lower revenues, office and industrial development provide support for industries ranging from manufacturing, to goods movement, to business services, to corporate headquarters. Many communities aspire to promote these regionally beneficial industries, but current tax structures do not always offer options for municipalities to recoup the costs of these developments. For example, manufacturing facilities often produce little property tax revenue and generate truck traffic that imposes high wear and tear on local roads.

[GRAPHIC TO COME: Informational graphic showing the interaction of local fiscal impacts, regional economic impacts, and development outcomes.]

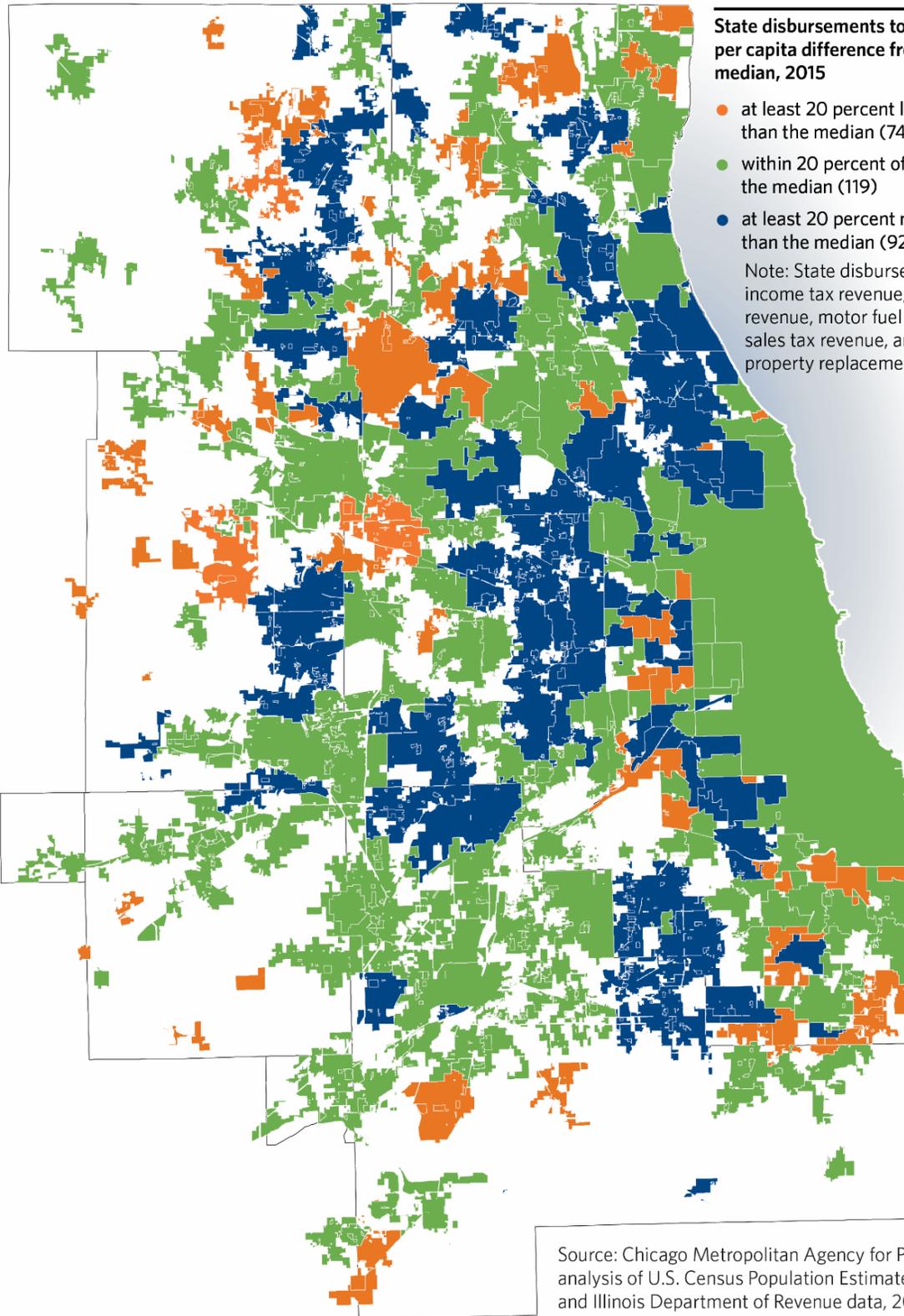
Tax policies have a broad impact on the ability of local jurisdictions to provide services and keep infrastructure in a state of good repair. Individual municipal revenues depend on land use mix, size of the tax base, and state and local tax structure. Local policies on and willingness to match fees and taxes to service costs also play a role. For example, DuPage County consistently implements user fees such as development impact fees and a county-wide MFT. Costs grow from a combination of interrelated factors: locally defined needs, the amount and condition of infrastructure, and long-term debt and obligations.

ON TO 2050 sets a target for reducing the number of municipalities that receive comparatively low levels of state revenues. State statutory criteria for revenue disbursements, like sales or motor fuel taxes, can create wide divergence in revenues among municipalities.³⁶ State criteria to distribute funds to local governments vary from population, to retail sales, to lane miles, to other factors. These criteria do not take into account municipalities that may have a very low tax base compared to costs for basic services, nor do they account for infrastructure condition.³⁷ In addition, the state's own financial situation has caused local governments to experience reduced funding and increased uncertainty. State funds play a crucial role in local government budgets, but the State has not modernized its tax system nor developed a long-term plan to pay for its obligations. The map below illustrates the differences in state revenues distributed to municipalities in 2015. ON TO 2050 envisions that all municipalities will receive these state funds at levels greater than 80 percent of the regional median level by 2050.

³⁶ Chicago Metropolitan Agency for Planning, PLACEHOLDER FOR FORTHCOMING POLICY UPDATE

³⁷ Chicago Metropolitan Agency for Planning, "Evaluation of State Transportation Revenue Sharing with Local Governments," 2014, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/evaluation-of-state-transportation-revenue-sharing-with-local-governments.





State disbursements to municipalities, per capita difference from the median, 2015

- at least 20 percent less than the median (74)
- within 20 percent of the median (119)
- at least 20 percent more than the median (92)

Note: State disbursements include: income tax revenue, use tax revenue, motor fuel tax revenue, sales tax revenue, and personal property replacement tax revenue.

Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census Population Estimates, 2015 and Illinois Department of Revenue data, 2015.



Communities with a low tax base and limited options for increasing revenue often face a sustained or recurring cycle of disinvestment. Many areas with lower tax disbursements overlap with EDAs, which perpetuates inequities and reduces opportunities for people and places to thrive. Achieving regional growth that includes EDAs may hinge on their residents and businesses having access to programs and services that many communities sometimes take for granted. Communities where revenues are low relative to their needs may struggle to fund municipal operations and infrastructure without imposing high tax rates, which further discourage commercial and residential development and cause the local tax base to grow more slowly than the cost of public services.³⁸ This cycle of disinvestment is self-reinforcing and also drives the adoption of high tax rates that can be a significant burden on low income residents.

In Cook County, property tax classification is an additional factor that drives up commercial and industrial property tax rates, hurting disinvested communities in particular. This may discourage business investment in Cook County in favor of opportunities elsewhere. By using a higher assessment ratio for businesses than residences, this system allocates a higher share of the property tax burden to businesses -- a policy that does not exist in the collar counties -- deterring reinvestment and hindering resulting growth in the property tax base. In many communities, high commercial and industrial tax rates present a barrier to attracting development, even when infrastructure and infill opportunities are plentiful. By reforming its classification system, Cook County could grow the tax base over time and reduce the tax burden on residents, mitigating potential increased residential rates.³⁹

Regionally, the current tax system does not always support the multijurisdictional nature of many industrial and office employment areas, which often cluster geographically and cross jurisdictional lines.⁴⁰ The infrastructure that serves these centers can extend through many communities and is maintained by a complex web of jurisdictions. The region's municipalities need additional tax structure and transportation funding options to support the service and infrastructure needs of these locally and regionally desired land uses. Additionally, the growing prevalence of internet sales may increase truck traffic on the entire roadway system, including roads serving warehousing and distribution businesses and residential customers receiving deliveries.

³⁸ Chicago Metropolitan Agency for Planning, "Municipal Capacity," 2017, http://www.cmap.illinois.gov/documents/10180/794571/Municipal+Capacity+Strategy+Paper_November+2017.pdf/923744b1-951a-ce16-609e-724c9e260fb7.

³⁹ Chicago Metropolitan Agency for Planning, "Property tax burden in the Chicago region," 2017, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/property-tax-burden-in-the-chicago-regi-2.

⁴⁰ Chicago Metropolitan Agency for Planning, "Freight land use clusters in northeastern Illinois," 2016, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/freight-land-use-clusters-in-northeastern-illinois.



Local governments do have options to better support their communities through local action, particularly through imposing user fees to support specific services and infrastructure. Since 2013, for example, Downers Grove has generated revenue for stormwater improvements by imposing a fee weighted toward properties that have the greatest impact on that system.

Finally, the State of Illinois has not taken steps to modernize the tax system for current technologies and economic patterns. Its reliance on MFTs to fund the Illinois transportation system is becoming outmoded as vehicle efficiency improves and fuel consumption drops. Illinois also has a narrow sales tax base focused on tangible goods and few services, which is inefficient in an economy with increasing market demand for consumer services. See the recommendation to *Fully fund the region's transportation system* in the *Mobility* chapter for a discussion of the potential to reform the sales tax to support the RTA sales tax as well as local governments.

This recommendation also appears in the *Governance* chapter.

The following describes strategies and associated actions to implement this recommendation.

Develop new funding solutions to support the multijurisdictional nature of development and infrastructure

The state and region should evaluate and pursue revenue sources, infrastructure cost sharing, realignment of existing revenues, and tax policy shifts that take into account the multijurisdictional nature of retail, office, and industrial development. Movement of goods and people that supports the region's economy must efficiently traverse multiple municipal boundaries and transportation networks. Yet many impediments could be surmounted, for example, through dedicated funding for local truck routes, tax base sharing to support retail agglomerations, prioritizing funding for improving commute options, increased local contributions for some infrastructure expansions, and other options. This work should build on CMAP's and partners' growing understanding of asset management, fiscal impacts, and subregional and regional markets to identify innovative revenue solutions or better align existing revenues to support infrastructure needs.

Reform tax policies to sustain economically beneficial land uses and support local infrastructure

CMAP should continue to facilitate a regional perspective on the interaction of tax policy, land use, the economy, and communities' prosperity. Assistance for local jurisdictions to improve planning processes and coordination can help, but it does not address systemic issues. Through policy changes such as phasing out assessment classification in Cook County, broadening the sales tax base, changing state revenue sharing disbursement criteria, and identifying new options to support office and industrial development, a reformed tax system could reduce market distortions and better support desired development and goals of the region's communities, even in the face of a changing retail landscape.



The State of Illinois should expand the sales tax base to additional services in a manner that helps communities create a more balanced land use mix, improves horizontal equity, minimizes economic distortions, and mitigates the cascading nature of sales taxes.

Cook County should phase out the property tax classification system to reduce commercial and industrial properties' current burden, which deters development and creates pressure for higher taxes overall.

The State of Illinois should reform state revenue sharing disbursement criteria to reduce wide divergences across municipalities and allow each municipality to support its own desired mix of land uses.

CMAP should coordinate with partners to promote tax policy changes to support better land use outcomes, including to conduct public education as well as legislative outreach.

The State should engage in fiscally sustainable practices to ensure a stable business climate and guarantee the reliability of state support to the region, including for local governments, transit agencies, and nonprofit service providers.

Local governments should implement user fees

User fees and full cost pricing can help communities recoup the cost of providing road, parking, water, sewer, and other infrastructure. User fees should build on asset management, capital improvement planning, and other initiatives to ensure that infrastructure spending is a high priority to meet local needs and provide the strongest benefits. Among the region's many examples of user fees and full cost pricing, some communities are addressing the increasing costs of stormwater management with dedicated taxes, stormwater utility fees, or special service areas. Similarly, a number of communities have used CMAP's LTA program to plan for and price their parking garages and metered spaces, making more effective use of tangible and fiscal assets.

All public utilities should adopt full cost pricing so they can sustainably fund operations and ongoing maintenance. While some local governments may choose to discount some services to meet local priorities, instead matching revenues to the cost of services will help the region's communities achieve stable funding and greater resilience. These initiatives should provide options that account for the affordability needs of lower income residents.

Local governments should develop stormwater utility fees to assess the true cost of stormwater infrastructure and improve flood control infrastructure.



Local governments should implement user fees to fund transportation infrastructure improvements, such as local MFTs or fees to address freight needs.

The State should approve statute changes that allow non-home rule governments to impose additional types of user fees.

Local governments should assess infrastructure costs to calibrate fees and taxes on development, parking, water, sewer, and other needs, both to cover current expenses and to create stable funding for the long term.

Local governments that face significant affordability barriers to full cost pricing of water, and other utilities should consider consolidating services with a neighboring community to reduce overall costs and provide options for low income residents.

Incorporate market and fiscal feasibility into planning and development processes

CMAP experience in the LTA program, feedback from communities on training needs, and interviews with local developers indicate that many plans do not reflect market and fiscal realities over the short and long-term. Lack of market understanding draws out and even halts development processes, leading to potential conflict when community change does not meet residents' expectations. Lack of understanding of long-term expenses leads many communities to a mismatch between needs and costs, resulting in increased taxes or fees or declining services and infrastructure. These issues compound at the regional scale, leading to overbuilding and a backlog of local infrastructure needs. Underpinning plans with market and fiscal analyses is necessary when the state and region increasingly face limited fiscal resources, and it can help the region continue to thrive with prioritized investment in infrastructure and development.⁴¹

The types of places that residents and businesses want changes over time, such as the current growing preference for walkable places spurring more housing in suburban downtowns, growth of service industries, and the resulting shift in employment types, or the decline in large-format retail due to changing consumer patterns.⁴² Major demographic shifts also change market demand; as the region's population ages, demand for varied housing types to support aging in community will continue to grow. Planning for current market understanding as well as these major shifts in the context of local and regional goals can help local governments create successful plans.

⁴¹ Chicago Metropolitan Agency for Planning, "Alternative futures -- constrained resources: Memorandum to CMAP Committees," May 2017, <http://www.cmap.illinois.gov/documents/10180/0/Constrained+Resources+memo/9e9557dc-cc41-4e7f-8f04-92b3363e9c0e>.

⁴² Urban Land Institute and PwC, "Emerging trends in real estate: United States and Canada 2018," 2017, <https://americas.uli.org/wp-content/uploads/sites/125/ULI-Documents/EmergingTrendsInRealEstate2018.pdf>.



Markets transcend jurisdictional boundaries, which means that thriving municipalities and counties take a subregional and regional perspective when planning for their ability to support various types of development. Market support for development types such as commercial, office, and residential is closely aligned with population and employment densities, regional and national economic trends, and the major infrastructure, workforce, and built environment assets of a subregion.

[GRAPHIC TO COME: Bird's eye view illustration of various market types, infrastructure networks, and local boundaries.]

As with market potential, lack of a full understanding of the mid- and long-term fiscal implications of cumulative development decisions can limit local governments' ability to implement community goals. Planning for development must strongly incorporate planning for both local fiscal impact as well as costs to supporting jurisdictions. This is a particularly important consideration for communities at the developing edge of the region, who must align expansion proposals with the immediate and long-term cost of the new infrastructure required to support that development. Communities often recoup the costs of near-term needs, like new stoplights or water main extensions. Some communities, such as Romeoville, recoup costs of infrastructure investment through exactions from new development. However, these same communities may not have the data and expertise to properly assess cumulative infrastructure costs of development. When a disconnect occurs between near-term development approvals, tax and fee schedules, and long-term maintenance and replacement costs, local decision makers may face challenges in maintaining or upgrading their infrastructure without substantively and disruptively increasing taxes and fees.⁴³ Built-out communities face different challenges than growing communities, with the former able to leverage a stock of existing infrastructure to support development, even if that infrastructure must eventually be reconstructed. Increased use of fiscal impact analysis as well as asset management programs can help communities better link goals to costs, improving planning processes and outcomes.

[GRAPHIC TO COME: Informational graphic on asset management.]

Assessing the potential public costs of and market for planned development is critical for each phase of planning, from site-specific initiatives to comprehensive plans. Basing plans purely on potential fiscal outcomes without tying those outcomes to market realities can lead to overbuilding of some development types and construction of underutilized public infrastructure, leaving communities with the costs of supporting development without revenues to match. In particular, the state distribution of retail taxes to municipalities based on sales made within their jurisdictions may lead some municipalities to promote excessive retail construction, which results in high vacancy rates. Among the broad local and regional impacts,

⁴³ Chicago Metropolitan Agency for Planning, "Tax policies and land use trends," 2017, <http://www.cmap.illinois.gov/documents/10180/517351/Tax+Policy+and+Land+Use+strategy+paper/30b90429-1af9-4903-ad29-b75ed1dc94e0>.



metropolitan Chicago is home to 4.1 percent of all U.S. retail square footage, and 5.8 percent of vacant retail.⁴⁴ By balancing fiscal and market considerations development can be resilient.

The following describes strategies and associated actions to implement this recommendation.

Strengthen local and regional market feasibility in planning efforts

Community goals for specific types of retail, office, or industrial development do not always match regional economic trends or subregional market potential. Markets for real estate or particular industries do not align with municipal boundaries. To foster achievable goals, communities should incorporate market analysis into planning processes, using technical analysis to inform objectives. A market analysis should assess current and forecasted demographic trends, recent development and absorption activity, competitive existing development, industry mix, existing assets and infrastructure, and similar factors. This analysis can help local governments set near and long-term goals in the planning process. Local governments may need to plan for new infrastructure or some types of development to generate other desired developments, such as increasing housing units to support downtown restaurants or retail. Similarly, planned industrial may require new truck routes and infrastructure to limit impacts on adjacent uses.

Local governments should incorporate market analysis into all planning processes, but particularly in developing comprehensive, strategic, and subarea plans and in considering economic development incentives.

Local governments should plan for markets that cross community boundaries, including partnering with jurisdictions within the same markets when developing economic development and land use plans.

Local governments, business organizations, and other key partners should implement best practices for subregional economic development to better support markets-driven development, reduce costs, and implement local and regional goals.

CMAP and partners such as the Urban Land Institute (ULI) should provide educational materials and training about market-feasible planning and development to local governments.

CMAP should provide subject matter expertise and technical assistance to communities that are collaborating to plan for subregional and regional markets.

⁴⁴ Chicago Metropolitan Agency for Planning analysis of 3rd Quarter 2017 data provided by CoStar.



Incorporate long-term infrastructure costs into development and expansion decisions

Planning for long-term costs can make the best use of the region's limited infrastructure dollars and leverage our existing road, pedestrian, water, stormwater, and utility systems. Local governments often have strong practices in place to assess the immediate impacts and costs of new development. Many rely on development impact fee schedules and negotiated compensation for parks and trails, water or sewer connections, and other amenities. They often require formal fiscal impact analysis for larger development proposals. However, communities may require assistance to estimate, plan for, and build community support for addressing longer term infrastructure costs, such as with stormwater infrastructure. Many communities are also reluctant to raise taxes and fees to cover the costs of the new infrastructure and services. Increasing regional and local data on infrastructure condition can help communities better plan for the fiscal impacts of individual and cumulative development decisions, reducing costs over the long term. While these strategies apply throughout the region, they are particularly important in areas at the edge of the region, where new infrastructure and communities are being built.

Local governments should plan for infrastructure needs of the whole community through a capital improvement plan, including an assessment of the long-term maintenance costs generated by existing and planned developments.

Local governments should develop transportation, water infrastructure, and other asset management systems to fully implement performance-driven investment practices and make the best use of the region's limited resources.

Partners and CMAP should develop materials and trainings to help local governments understand how their land use choices affect local revenues.

CMAP and partners should assist with transportation data collection and asset management pilot projects, eventually expanding to a region-wide program.

COGs and CMAP should develop trainings to assist all of the region's local governments in implementing and improving asset management systems over the long term.

Partners and CMAP should research best practices and leverage its growing resources on age and condition of the region's infrastructure to develop methods for local governments to assess mid and long-term impacts of major or cumulative development processes.



Municipalities and counties should recoup the public costs of supporting new development

Development-specific revenues are important: They ensure that everyone who benefits from a municipal service or public infrastructure helps pay for it. Communities should work with developers and businesses to ensure adequate funding for public infrastructure as development is approved. All communities should emulate municipalities and counties across the region that use agreements with developers to fund infrastructure improvements.⁴⁵

There are many best practice strategies available. Communities with existing development might work with businesses that would specifically benefit from improved infrastructure to fund those investments via special districts or fees. Recapture agreements with developers help local governments recoup expenditures on prior infrastructure improvements. Communities should work with developers of projects expected to have a significant impact on municipal operations or infrastructure costs to cover these costs.

As part of development approvals, local governments also often approve the construction of new infrastructure. This new infrastructure will eventually incur long-term maintenance and reconstruction costs. Local ordinances govern the extent and type of infrastructure that new developments require. Closely evaluating what infrastructure is truly required to support development can help reduce costs in the long-term.

Partners such as ULI, Government Finance Officers Association, and others should provide assistance to local jurisdictions in assessing the short and long-term fiscal impacts of development.

Municipalities and counties should employ development-specific revenues to reduce public costs of new development.

Local governments should perform fiscal impact analysis to properly employ development-specific revenues and associated agreements.

Local governments should review their development ordinances to ensure that road, water, and other infrastructure requirements are appropriately scaled to support development and optimize long-term costs and needs.

CMAP, and partners such as ULI and the MMC should provide materials on best practices in fiscal impact assessment and assessing costs in development approval processes.

⁴⁵ See, for example, the case study on the Village of Romeoville in the Chicago Metropolitan Agency for Planning ON TO 2050 strategy paper, "Tax Policies and Land Use Trends," 2017, <http://www.cmap.illinois.gov/onto2050/strategy-papers/tax-policy-land-use>.



Align local economic development planning with regional goals

Collaboration across communities to support regional goals can make efficient use of limited fiscal resources by supporting industries that connect us to the global economy. Through their role in planning for and regulating local development, local governments support small but significant pieces of regional markets for retail, office, industrial, and other development types, which house the industries that form the base of the region's economy. These cumulative local decisions create the region's communities and economic centers with broad impacts on infrastructure needs, commute patterns, goods movement, and overall regional economic success. At the same time, the economic assets that make up communities' core competitive advantage often extend across jurisdictional boundaries.

Individual communities may find it challenging to play their pivotal role in planning for the region's economy. The region has some examples of planning for workforce development or forming coalitions to support specific industries.⁴⁶ But, local plans often focus on land use and development types, with less consideration of their contributions to regional economic growth and prosperity. Communities respond to the direct concerns of residents and businesses by assessing how solutions fit with community character and goals, public service costs, tax revenue impacts, or traffic and parking impacts. In comparison to economic impacts, fiscal considerations may play an outsized role in development decisions and investments. CMAP research has indicated that economic development that supports higher wage jobs and induces employment region-wide may not generate significant levels of municipal revenue given current local tax policies.⁴⁷ For example, globally traded industries often operate in office or industrial development types, but some local planning efforts are not geared toward these land uses.

⁴⁶ Chicago Metropolitan Agency for Planning, "Manufacturing in the Golden Corridor: Golden Corridor Advanced Manufacturing Partnership," 2014, <http://www.cmap.illinois.gov/documents/10180/113409/Final+Manufacturing+in+the+Golden+Corridor+Existing+Conditions+Report.pdf/efc4ec4d-a6c9-4fe7-8d02-7fd5c3afe1ad>.

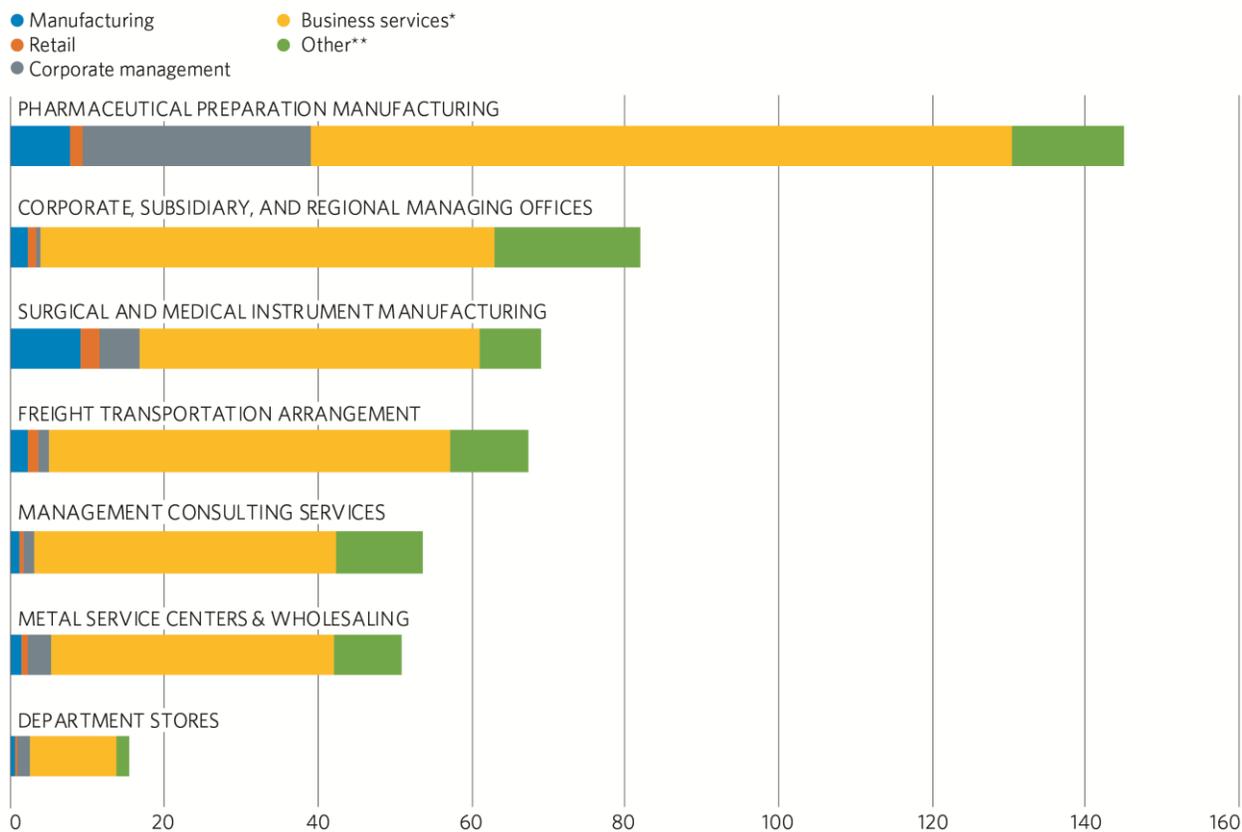
⁴⁷ Chicago Metropolitan Agency for Planning, "Fiscal and economic impact analysis of local development decisions," January 2014, <http://cmap.is/2mfrlPw>.



Number of additional jobs supported in the region from an increase of 100 jobs in manufacturing , retail, or office development, by sector

Note: Economic impact analysis includes both direct and indirect effects.

Source: Chicago Metropolitan Agency for Planning analysis of Economic Modeling Specialists International data (Emsi 2018.1)



* Includes wholesale trade; transportation and warehousing; finance and insurance; real estate, rental, and leasing; professional, scientific, and technical services; administrative, support, waste management, and remediation services

** Includes agriculture, forestry, fishing, and hunting; mining, quarrying, oil and gas extraction; utilities; construction; information; educational services; health care and social assistance; arts, entertainment, and recreation services; accommodation and food services; government; other services

Many governments provide economic development incentives to specific businesses that already intend to locate within the region or submarket. Officials use incentives to subsidize revenue-generating development, compete with another jurisdiction, or compensate for weak spots in their overall business environment. This activity can result in public expenditures for limited economic gain.⁴⁸ Many communities do provide incentives to developments that meet local and regional goals such as increasing particular types of employment, promoting infill, remediating brownfields, and/or encouraging mixed-use development.⁴⁹ Given limited fiscal resources, the region’s communities should coordinate to support regionally beneficial

⁴⁸ Nathan M. Jensen, “Job creation and firm-specific location incentives,” *Journal for Public Policy* 37,1 (2017).

⁴⁹ Chicago Metropolitan Agency for Planning, *Fiscal and Economic Impact Analysis of Local Development Decisions*, January 2014, <http://cmap.is/2mfriPw>.

industries and to target incentives for development of regional and local economic benefit. Communities can reduce costs by planning together and pursuing initiatives like establishing boundary agreements, sharing services or infrastructure to mutually support new development, or sharing revenues from specific developments.

This recommendation also appears in the *Prosperity* chapter.

The following describes strategies and associated actions to implement this recommendation.

Proactively coordinate local economic development efforts

Economic development achieves the most when municipalities, counties, and other partners work together across jurisdictional borders. The region's communities collectively share in and build up our competitive advantages of a skilled workforce, extensive transportation infrastructure, and strong quality of life. Local governments, economic development entities, and others could improve outcomes, expand staff expertise and resources, and reduce costs by partnering on services like business expansion, retention, and attraction. Many jurisdictions with lower fiscal or staff capacity may need assistance for initial collaborations. CMAP, the region's counties, universities, and civic organizations can play a substantive role in helping local governments collaborate. Nationally, many examples of successful partnerships to meet local and regional goals exist. In Cuyahoga County, Ohio, the hyper-competitive environment created by municipalities' pursuit of income tax revenue led to a non-compete agreement to encourage intraregional cooperation for business development.⁵⁰ The Denver region implemented a similar agreement in 1987.⁵¹ For additional information, see the ON TO 2050 Tax Policies and Land Use Trends strategy paper.⁵²

Local governments should implement best practices for subregional economic development to reduce costs and achieve broader economic goals.

CMAP and partners like ULI and the Chicago Regional Growth Corporation (CRGC) should research case studies and best practices for subregional coordination of economic development. Examples include non-compete agreements, joint economic development initiatives, infrastructure and service sharing, tax base sharing, boundary agreements, and other initiatives.

⁵⁰ Cuyahoga County, "Business Attraction & Anti-Poaching Protocol," http://regionalcollaboration.cuyahogacounty.us/pdf_regionalcollab/en-US/AntiPoachingProtocol.pdf.

⁵¹ Chicago Metropolitan Agency for Planning, "Reorienting State and Regional Economic Development: Lessons Learned from National Examples," 2014, <http://cmap.is/%202ITAonC>.

⁵² CMAP ON TO 2050 strategy paper, "Tax Policies and Land Use Trends," 2017, <http://www.cmap.illinois.gov/onto2050/strategy-papers/tax-policy-land-use>.



CMAP and partners should help municipal coalitions to plan for local economic development, focusing on sub-regions that have common planning needs and goals for business expansion, human capital, freight movement, and similar issues with strong relevance to the region's economy.

CMAP should help local governments to plan for and invest in multijurisdictional transportation investments that best support economic productivity.

CMAP, MPC, counties, and COGs should facilitate new partnerships between municipalities and develop materials illustrating the benefits of coordinating on shared economic development priorities.

Align incentives with local and regional goals, anticipated outcomes, and tradeoffs

Most businesses choose their locations based primarily on workforce, access to transportation, quality of life, business environment, and other assets, giving much less weight to tax incentives.⁵³ In light of limited public funds, state and local jurisdictions should provide incentives only when a business relocation or retention would substantively advance local and regional goals related to quality of life and economic development. As CMAP research has shown, best practices exist for how, where, and when to apply incentives for maximum public benefit.⁵⁴ ON TO 2050 recommends the targeted use of incentives for developments that support regional economic goals, such as increasing employment in traded clusters, reinvesting in infill sites, or encouraging mixed-use development near transit.

Local governments should establish criteria to ensure that economic development incentives fit with local and regional economic goals. The policies should maximize broad benefits and minimize the use of incentives that are only for fiscal gain to the community.

CMAP and partners such as ULI and MPC should provide best practices and model economic development policies for communities.

Local governments should proactively establish economic development agreements with neighboring communities to reduce intraregional competition via incentives, and reduce public costs.

⁵³ Joseph M. Phillips and Ernest P. Goss, "The effect of state and local taxes on economic development: A meta-analysis," *Southern Economic Journal* (1995): 320-333. Grant Thornton, *The 10th Annual-Manufacturing Climates Study* (1989): Chicago: Grant Thornton.

⁵⁴ Chicago Metropolitan Agency for Planning, "Reorienting State and Regional Economic Development: Lessons Learned from National Examples," 2014, <http://cmap.is/%2021TAonC>.



The State of Illinois and local governments should enhance data on tax credits and incentives provided at all levels of government and consistently evaluate the expenditures and outcomes of incentive programs such as sales tax rebates, EDGE, TIF, property tax abatements, Enterprise Zones, and others.

The State of Illinois should incorporate regional priorities into its strategic economic development planning and provide only assistance or incentives that align with those priorities.

Enhance economic development expertise of municipal staff and officials

Municipal economic development initiatives seek to build vibrant places, enhance job centers and commercial corridors, or retain and build existing industries. Such local efforts vary greatly in scope, from small-scale main street improvements to redevelopment of major office and industrial subcenters. Regardless of its scale, each activity needs municipal staff and elected officials with the knowledge and resources to carry out strategies appropriately, including infrastructure investment, economic development planning, business development, and incentives.

Municipal staff and officials interviewed through the ON TO 2050 planning process emphasized the need for more skill building resources and guidance on economic development best practices.⁵⁵ New trainings and resources can also build on the incentive, market, and fiscal feasibility recommendations of ON TO 2050, helping to improve local planning, development, and investment processes. In partnership with COGs, counties, civic organizations, and universities, CMAP should provide technical assistance for communities to build local capacity for economic development planning.

CMAP and partners such as ULI should provide tools to help local governments effectively use incentives, taking into account the full costs of related public services, initial infrastructure improvements, and future infrastructure maintenance.

Partners and CMAP should provide guidance to local partners on best practices for zoning, permitting, development regulation, market analysis, tax incentives, and transportation funding that support economic productivity and reduce market barriers.

Partners, educational institutions, and CMAP should establish regular trainings, networking events, and other resources to promote best practices on joint economic development initiatives, economic development planning, incentive policies, market analysis, business attraction and retention, and related topics.

⁵⁵ Chicago Metropolitan Agency for Planning, "ON TO 2050 Alternative Futures Engagement Summary," 2017, <http://www.cmap.illinois.gov/documents/10180/776689/ON+TO+2050+Alt+Futures+Engagement+Summary.pdf/7e55dc3f-192c-b5a6-ef00-d4b49e9cfdbc>.



CMAP and MMC should explore partnerships like the Southern Illinois University Edwardsville team that leads the Illinois Basic Economic Development Course to create similar offerings tailored for staff and elected officials.⁵⁶

⁵⁶ Southern Illinois University Edwardsville, "Illinois Basic Economic Development Course," <http://www.bedcillinois.com/about-us.html>.



312-454-0400
ONTO2050@cmap.illinois.gov
www.cmap.illinois.gov

The Chicago Metropolitan Agency for Planning (CMAP) is our region's comprehensive planning organization. The agency and its partners are developing ON TO 2050, a new comprehensive regional plan to help the seven counties and 284 communities of northeastern Illinois implement strategies that address transportation, housing, economic development, open space, the environment, and other quality-of-life issues.

ON TO 2050 is scheduled for adoption in October 2018.